

UNAUDITED  
SEMI-ANNUAL REPORT

DECEMBER 31, 2008



# FRANKLIN TEMPLETON INVESTMENT FUNDS

SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE



FRANKLIN TEMPLETON  
INVESTMENTS

# FRANKLIN TEMPLETON INVESTMENT FUNDS

## société d'investissement à capital variable

UNAUDITED SEMI-ANNUAL REPORT  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2008

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

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

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## société d'investissement à capital variable

26, boulevard Royal, L-2449 Luxembourg, Grand-Duchy of Luxembourg  
(Registered with the registre de commerce et des sociétés, Luxembourg, under number B 35 177)

## GENERAL INFORMATION (AS AT DECEMBER 31, 2008)

## BOARD OF DIRECTORS

## Chairman

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

## Directors

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

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

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

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

*Duke of Abercorn KG*  
Chairman  
CALOR TEORANTA  
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 LIMITED  
1133 Connecticut Avenue, NW, Suite 400  
Washington DC 20036, U.S.A.

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

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

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

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

## CONDUCTING OFFICERS:

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

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

## REGISTERED OFFICE:

26, boulevard Royal, L-2449 Luxembourg  
Grand-Duchy of Luxembourg

## PRINCIPAL DISTRIBUTOR:

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

## INVESTMENT MANAGERS:

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

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

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

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

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

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

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

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

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

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

## GENERAL INFORMATION (AS AT DECEMBER 31, 2008)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As to: Franklin World Perspectives Fund\*.

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

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

As to: Franklin World Perspectives Fund\*.

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

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

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

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

**AUDITORS:**  
PRICEWATERHOUSECOOPERS S.à r.l.  
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 INVESTMENT MANAGERS

Market conditions have been extremely difficult over the past six months. The performance of most asset classes was adversely affected by unprecedented problems in the financials sector that initially became visible in mid-2007.

Through much of the period under review, banks exposed to the rapid decline in property markets in the U.S. and parts of Europe faced mounting losses and increasing funding problems. The crisis in the financials sector reached a climax in mid-September with the collapse of Lehman Brothers, which led other investment banks such as Merrill Lynch to seek mergers with stronger, deposit-taking banks or capital injections from a variety of sources. A number of financial institutions on both sides of the Atlantic had to be saved through state intervention, leading to large-scale nationalization and a wave of forced mergers.

Tightening credit conditions forced consumers and companies alike to deleverage, leading to falling demand and provoking recession across the developed world. Countries such as Hungary and Ukraine faced severe difficulties as investor risk aversion increased, while Iceland faced a sharp contraction in its economy following the overexpansion of the country's main banks and an equally sharp depreciation in the value of its currency.

For equity investors, style and geographic diversification proved to be less relevant than in the past, with markets in Europe, the U.S. and Japan all falling pretty uniformly (allowing for currency variations). Although large-cap stocks showed some slight outperformance toward the end of the period under review, large-cap and small-cap stocks alike produced negative returns. Nor was there much difference in the returns produced by 'growth'-style investing versus 'value'-style peers.

The price of oil and other commodities peaked in July, but subsequently declined in the face of a slump in demand, leading to increased risk of deflation in the developed world. Important commodity producers such as Russia and Brazil initially resisted the severe downturn in the western world and in countries reliant on food and energy imports. However, as the half-year drew to a close, commodity-reliant countries like Russia were feeling the full effect of diminished world growth prospects.

Despite repeated intervention by public authorities, the banks' difficulty in sourcing funding on the interbank market in turn had a negative impact on the availability of credit to the wider economy around the developed world. On the credit markets, better-quality credits, which had previously fared relatively well, were seriously hurt by the fallout from Lehman's collapse in September. Spreads in the corporate bond market widened considerably, whether for investment-grade or non-investment-grade bonds.

Given the sharp rise in risk aversion seen in the six months under review, it is not surprising that long-dated government bonds significantly outperformed equities. By December, the liquidity and credit problems affecting most other asset classes had pushed U.S. Treasury yields to multi-decade lows.

Low yields in the U.S. put an end to a revival in the dollar's value against the euro as the period wore on, while the UK sterling fell heavily against both the euro and the dollar because investors grew steadily more alarmed by the UK's dependence on the financial sector and high household indebtedness. The best-performing currency has been the Japanese yen, with rising risk aversion prompting a progressive unwinding of carry trades between low-yielding currencies (such as the yen) and ones promising higher yields. Alas, the yen's rise has driven Japan's export-driven economy even deeper into recession.

As we moved into the second half of the financial year, economic data continued to be dire. Home prices in developed countries still have not stabilized, consumer and corporate confidence is low, and question marks remain over the future of some high-profile names in sectors such as financial services and the auto industry.

In November, the International Monetary Fund (IMF) forecast that global growth would slow to 2.2% in 2009, down from about 3.7% in 2008. The U.S. economy, the IMF predicts, will contract by 0.7% and the eurozone by 0.5%. Forecasts by other parties have been even more somber, with the European central bank predicting that the eurozone economy may contract by up to one percentage point in 2009.

Toward the end of the reporting period, there were some signs that the panic of recent months was starting to abate. Stock volatility indexes were off their October peaks, and interbank markets felt some relief.

The first six months of 2009 are expected to be especially difficult, and financial markets will likely have to withstand a large increase in corporate default rates. However, repeated fiscal and monetary stimuli may help stabilize the situation during the course of the year. Should official stimulus be seen to work, the attractiveness of high-grade corporate bonds may become more evident, at least in the near and intermediate term.

Despite deleveraging and continued economic difficulties, improvement in the credit markets may spark renewed interest in equities, which are already trading at low book values on a historical basis and pricing in steep declines in profits. But in such a scenario, the recent bull market in long-dated government bonds may well be brought into question, especially in light of large increases in bond issuance in the industrialized world.

Although conditions on financial markets may be challenging, investors should remember that Franklin Templeton Investments has navigated through periods of high market volatility in the past, such as that following the stock market crash of 1987. Throughout, we have remained committed to our long-term perspective and investment philosophy. We view recent volatility as a long-term opportunity. Although conditions remain challenging, our experience gives us ample reason to be optimistic about market stabilization and recovery.

THE INVESTMENT MANAGERS

January, 2009

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

## FUND PERFORMANCE IN BASE CURRENCY PERCENTAGE CHANGE TO DECEMBER 31, 2008

	Launch Date	Base Currency %	6 Months %	1 Year %	3 Years %	5 Years %	10 Years %	Since Launch
Franklin Asian Flex Cap Fund	15 Nov 06	USD	(33.1)	(49.4)	–	–	–	(25.4)
Franklin Biotechnology Discovery Fund	03 Apr 00	USD	(6.0)	(8.5)	(7.1)	6.2	–	(21.7)
Franklin Euroland Core Fund	28 Nov 08	EUR	–	–	–	–	–	0.8
Franklin European Growth Fund	29 Dec 00	EUR	(25.9)	(37.6)	(25.5)	(3.6)	–	(44.3)
Franklin European Small-Mid Cap Growth Fund	03 Dec 01	EUR	(30.0)	(41.5)	(19.4)	25.1	–	16.0
Franklin Global Growth Fund	29 Dec 00	USD	(42.6)	(49.2)	(26.5)	(8.3)	–	(34.4)
Franklin Global Real Estate (Euro) Fund	29 Dec 05	EUR	(36.3)	(45.7)	(43.5)	–	–	(43.5)
Franklin Global Real Estate (USD) Fund	29 Dec 05	USD	(33.5)	(43.8)	(39.2)	–	–	(39.2)
Franklin Global Small-Mid Cap Growth Fund	15 Apr 02	USD	(34.4)	(38.1)	(22.5)	4.1	–	24.2
Franklin High Yield Fund	01 Mar 96	USD	(25.3)	(26.4)	(19.1)	(10.1)	3.8	30.2
Franklin High Yield (Euro) Fund	17 Apr 00	EUR	(29.8)	(34.2)	(30.0)	(19.3)	–	(22.1)
Franklin Income Fund	01 Jul 99	USD	(25.9)	(30.0)	(15.7)	(5.6)	–	29.5
Franklin India Fund	25 Oct 05	USD	(27.6)	(56.3)	6.7	–	–	23.0
Franklin MENA Fund	16 Jun 08	USD	(58.3)	–	–	–	–	(59.0)
Franklin Natural Resources Fund	12 Jul 07	USD	(58.3)	(50.7)	–	–	–	(47.0)
Franklin Strategic Income Fund	12 Jul 07	USD	(9.9)	(10.0)	–	–	–	(7.8)
Franklin Technology Fund	03 Apr 00	USD	(32.2)	(39.0)	(24.8)	(16.1)	–	(63.1)
Franklin U.S. Equity Fund	01 Jul 99	USD	(25.9)	(33.6)	(21.9)	(15.3)	–	11.1
Franklin U.S. Focus Fund	15 May 08	USD	(33.3)	–	–	–	–	(39.8)
Franklin U.S. Government Fund	28 Feb 91	USD	4.7	6.1	15.8	22.1	54.6	123.4
Franklin U.S. Growth Fund	29 Aug 03	USD	(30.0)	(36.1)	(26.1)	(23.0)	–	(16.2)
Franklin U.S. Opportunities Fund	03 Apr 00	USD	(35.9)	(41.2)	(25.7)	(4.6)	–	(56.3)
Franklin U.S. Small-Mid Cap Growth Fund	29 Dec 00	USD	(35.3)	(42.0)	(33.4)	(19.6)	–	(28.8)
Franklin U.S. Total Return Fund	29 Aug 03	USD	(10.6)	(12.5)	(5.3)	0.5	–	4.8
Franklin U.S. Ultra Short Bond Fund	29 Aug 03	USD	(3.2)	(2.2)	5.2	9.3	–	10.4
Franklin World Perspectives Fund	14 Oct 08	USD	–	–	–	–	–	(12.9)
Franklin Mutual Beacon Fund	07 Jul 97	USD	(28.8)	(40.2)	(28.9)	(14.4)	28.7	41.1
Franklin Mutual Euroland Fund	14 Oct 08	EUR	–	–	–	–	–	(3.8)
Franklin Mutual European Fund	31 Dec 01	EUR*	(25.0)	(37.9)	(21.8)	12.7	–	11.5
Franklin Mutual Global Discovery Fund	25 Oct 05	USD	(17.9)	(26.0)	(2.6)	–	–	2.1
Franklin Templeton Global Equity Strategies Fund	15 May 08	USD	(26.4)	–	–	–	–	(32.7)
Franklin Templeton Global Fundamental Strategies Fund	25 Oct 07	USD	(14.9)	(20.6)	–	–	–	(21.9)
Franklin Templeton Global Growth and Value Fund	09 Sep 02	USD	(36.9)	(45.6)	(23.2)	(3.1)	–	20.3
Franklin Templeton Japan Fund	01 Sep 00	JPY	(37.7)	(47.7)	(57.8)	(25.3)	–	(48.0)
Templeton Asian Bond Fund	25 Oct 05	USD	(3.5)	(5.6)	19.2	–	–	22.7
Templeton Asian Growth Fund	30 Jun 91	USD	(44.4)	(60.2)	(14.3)	23.4	97.8	44.7

## FUND PERFORMANCE IN BASE CURRENCY PERCENTAGE CHANGE TO DECEMBER 31, 2008

	Launch Date	Base Currency %	6 Months %	1 Year %	3 Years %	5 Years %	10 Years %	Since Launch
Templeton Asian Smaller Companies Fund	14 Oct 08	USD	–	–	–	–	–	4.9
Templeton BRIC Fund	25 Oct 05	USD	(54.7)	(61.3)	(14.1)	–	–	(5.3)
Templeton China Fund	01 Sep 94	USD	(32.9)	(45.1)	16.6	47.2	175.4	48.6
Templeton Eastern Europe Fund	10 Nov 97	EUR	(53.9)	(66.0)	(53.6)	0.1	139.7	47.8
Templeton Emerging Markets Fund	28 Feb 91	USD	(43.7)	(52.8)	(23.4)	18.5	70.6	86.4
Templeton Emerging Markets Bond Fund	05 Jul 91	USD	(19.3)	(18.4)	2.4	19.8	114.3	330.7
Templeton Emerging Markets Smaller Companies Fund	18 Oct 07	USD	(50.3)	(62.1)	–	–	–	(62.3)
Templeton Euro Liquid Reserve Fund	01 Jun 94	EUR	(1.6)	(0.1)	4.4	6.6	19.9	34.0
Templeton Euroland Fund	08 Jan 99	EUR	(27.3)	(44.3)	(33.5)	(5.5)	–	5.2
Templeton Euroland Bond Fund	08 Jan 99	EUR	2.6	0.9	0.5	11.9	–	25.7
Templeton European Fund	03 Dec 01	EUR†	(25.8)	(42.9)	(35.6)	(8.4)	–	(22.1)
Templeton European Total Return Fund	29 Aug 03	EUR	(16.2)	(19.8)	(19.3)	(10.6)	–	(8.6)
Templeton Frontier Markets Fund	14 Oct 08	USD	–	–	–	–	–	(3.8)
Templeton Global Fund	28 Feb 91	USD	(34.4)	(45.7)	(25.2)	(4.6)	8.8	116.6
Templeton Global (Euro) Fund	26 Apr 91	EUR	(24.3)	(41.4)	(36.5)	(13.6)	(7.9)	98.7
Templeton Global Balanced Fund	01 Jun 94	USD	(21.7)	(29.1)	(10.6)	5.4	49.7	96.3
Templeton Global Bond Fund	28 Feb 91	USD	6.1	7.4	34.7	47.4	109.1	254.6
Templeton Global Bond (Euro) Fund	29 Aug 03	EUR	7.7	3.7	5.4	13.7	–	14.7
Templeton Global Equity Income Fund	27 May 05	USD	(30.5)	(45.7)	(25.2)	–	–	(20.3)
Templeton Global High Yield Fund	27 Sep 07	USD	(21.2)	(21.4)	–	–	–	(21.9)
Templeton Global Income Fund	27 May 05	USD	(15.5)	(23.6)	2.8	–	–	5.4
Templeton Global Smaller Companies Fund	08 Jul 91	USD	(45.1)	(54.2)	(42.9)	(26.5)	9.0	88.1
Templeton Global Total Return Fund	29 Aug 03	USD	(2.8)	(2.8)	25.4	40.8	–	55.5
Templeton Growth (Euro) Fund	09 Aug 00	EUR	(23.9)	(40.3)	(40.7)	(22.6)	–	(31.8)
Templeton Korea Fund	08 May 95	USD	(45.5)	(58.9)	(43.3)	(0.9)	(12.5)	(62.3)
Templeton Latin America Fund	28 Feb 91	USD‡	(53.8)	(50.6)	6.1	119.4	199.2	128.3
Templeton Thailand Fund	20 Jun 97	USD	(45.0)	(49.8)	(29.4)	(26.7)	45.6	(39.3)
Templeton U.S. Dollar Liquid Reserve Fund	01 Jun 94	USD	0.5	1.5	10.3	13.4	31.5	59.9
Templeton U.S. Value Fund	29 Aug 03	USD	(34.3)	(45.1)	(40.4)	(32.3)	–	(23.7)

Data source

Performance – Franklin Templeton Investments

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

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

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

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

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2008

	TOTAL	Franklin Asian Flex Cap Fund	Franklin Biotechnology Discovery Fund	Franklin Euroland Core Fund*	Franklin European Growth Fund
	(USD)	(USD)	(USD)	(EUR)	(EUR)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	36,197,642,695	18,511,602	61,022,176	15,820,446	12,537,618
Cash	893,100,728	1,754	3,809,035	–	4,414
Time deposits and repurchase agreements (note 19)	1,006,010,074	1,775,000	–	560,000	765,000
Amounts receivable on sale of investments	312,510,855	249	6,847	1,067,899	–
Amounts receivable on subscriptions	199,588,119	21,025	321,987	–	159,320
Interest and dividends receivable, net	364,555,507	12,625	–	18,859	18,675
Other receivables	19,010,661	3,980	17	630	846
Unrealised profit on forward foreign exchange contracts (note 4)	1,621,675,478	–	–	–	–
Unrealised profit on interest rate swaps (note 6)	102,413,129	–	–	–	–
Unrealised profit on financial future contracts (note 7)	75,449	–	–	–	–
Option contracts at market value (note 8)	115,185	–	–	–	–
<b>TOTAL ASSETS</b>	<b>40,716,697,880</b>	<b>20,326,235</b>	<b>65,160,062</b>	<b>17,467,834</b>	<b>13,485,873</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	309,671,053	20,640	47	497,809	–
Amounts payable on redemptions	166,452,432	47,984	225,888	–	6,895
Bank overdraft	86,088,081	–	–	555,677	–
Unrealised loss on forward foreign exchange contracts (note 4)	2,188,699	–	–	–	–
Unrealised loss on credit default swaps (note 5)	797,254	–	–	–	–
Option contracts at market value (note 8)	6,255,503	–	–	–	–
Investment management fees payable (note 3)	30,584,291	15,780	53,955	10,406	11,080
Taxes and expense payable	47,952,903	35,153	72,702	4,991	13,669
<b>TOTAL LIABILITIES</b>	<b>649,990,216</b>	<b>119,557</b>	<b>352,592</b>	<b>1,068,883</b>	<b>31,644</b>
<b>TOTAL NET ASSETS</b>	<b>40,066,707,664</b>	<b>20,206,678</b>	<b>64,807,470</b>	<b>16,398,951</b>	<b>13,454,229</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2008	61,534,169,142	36,332,132	53,201,179	–	17,635,809
June 30, 2007	63,601,494,719	45,270,453	67,283,337	–	33,316,494
June 30, 2006	42,168,720,179	–	79,128,385	–	14,898,206

\*This Fund was launched on November 28, 2008

**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2008 (CONTINUED)**

Franklin European Small-Mid Cap Growth Fund (EUR)	Franklin Global Growth Fund (USD)	Franklin Global Real Estate (Euro) Fund (EUR)	Franklin Global Real Estate (USD) Fund (USD)	Franklin Global Small-Mid Cap Growth Fund (USD)	Franklin High Yield Fund (USD)	Franklin High Yield (Euro) Fund (EUR)
24,536,618	16,801,095	15,278,839	23,059,471	13,915,457	973,005,432	121,922,777
36,636	243,427	171,841	-	427,731	19,625,656	8,885
1,715,000	-	100,000	1,210,000	-	-	15,355,000
40	172,488	6,761	2,070	-	-	-
593,926	123,973	36,247	92,906	11,750	10,504,362	2,855,272
22,148	3,217	116,792	171,110	11,155	32,297,828	4,424,625
3,696	4,579	1,381	1,357	748	6,298	5,755
-	-	265,609	-	-	168,585	706,793
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26,908,064	17,348,779	15,977,470	24,536,914	14,366,841	1,035,608,161	145,279,107
35,634	-	22,778	340,348	2,944	-	-
83,110	1,391	11,281	27,357	27,951	2,716,632	393,273
-	-	-	9,798	-	-	-
-	-	-	206,231	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,390	14,565	12,705	18,714	11,044	636,831	86,568
29,668	21,758	18,631	56,721	16,113	980,445	123,496
168,802	37,714	65,395	659,169	58,052	4,333,908	603,337
26,739,262	17,311,065	15,912,075	23,877,745	14,308,789	1,031,274,253	144,675,770
45,036,706	36,397,878	30,939,109	38,398,156	20,482,747	1,944,931,904	254,682,797
103,651,570	34,623,396	100,906,233	90,700,771	20,249,247	2,611,774,115	504,004,665
43,356,265	32,801,342	48,376,874	28,915,199	17,498,174	2,725,724,124	204,572,004

**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2008 (CONTINUED)**

	Franklin Income Fund	Franklin India Fund	Franklin MENA Fund	Franklin Natural Resources Fund	Franklin Strategic Income Fund
	(USD)	(USD)	(USD)	(USD)	(USD)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	355,559,841	337,273,628	22,982,424	21,014,377	61,791,854
Cash	21,060,298	2,266	551,400	774,952	4,522,756
Time deposits and repurchase agreements (note 19)	-	12,690,000	1,230,000	-	-
Amounts receivable on sale of investments	101,635	707	283,216	137	-
Amounts receivable on subscriptions	87,567	1,721,411	81,574	109,400	121,491
Interest and dividends receivable, net	7,136,385	4,991	-	22,666	1,074,791
Other receivables	63,693	44,991	-	1,818	12,754
Unrealised profit on forward foreign exchange contracts (note 4)	885,405	-	59,797	-	1,386,034
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-
Unrealised profit on financial future contracts (note 7)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>384,894,824</b>	<b>351,737,994</b>	<b>25,188,411</b>	<b>21,923,350</b>	<b>68,909,680</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	-	-	180	-	339,239
Amounts payable on redemptions	795,530	633,813	110,255	1,499	12,102
Bank overdraft	-	-	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	-	-	-	-	-
Unrealised loss on credit default swaps (note 5)	-	-	-	-	613,867
Option contracts at market value (note 8)	-	-	-	-	-
Investment management fees payable (note 3)	256,227	279,414	32,157	16,070	37,867
Taxes and expense payable	512,057	471,815	32,393	20,319	72,595
<b>TOTAL LIABILITIES</b>	<b>1,563,814</b>	<b>1,385,042</b>	<b>174,985</b>	<b>37,888</b>	<b>1,075,670</b>
<b>TOTAL NET ASSETS</b>	<b>383,331,010</b>	<b>350,352,952</b>	<b>25,013,426</b>	<b>21,885,462</b>	<b>67,834,010</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2008	623,173,789	494,169,523	22,298,037	50,542,306	70,341,741
June 30, 2007	929,744,618	331,219,507	-	-	-
June 30, 2006	732,325,251	106,395,612	-	-	-

The accompanying notes form an integral

**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2008 (CONTINUED)**

Franklin Technology Fund	Franklin U.S. Equity Fund	Franklin U.S. Focus Fund	Franklin U.S. Government Fund	Franklin U.S. Growth Fund	Franklin U.S. Opportunities Fund	Franklin U.S. Small-Mid Cap Growth Fund
(USD)	(USD)	(USD)	(USD)	(USD)	(USD)	(USD)
75,564,727	193,339,622	2,400,706	2,261,676,350	30,328,674	417,243,974	19,584,016
2,457,902	13,970,138	162,935	250,796,157	2,170,042	9,043,522	635,335
-	-	-	-	-	-	-
-	819	255	65,614,164	-	7,712,203	19,991
170,856	664,654	-	19,915,909	321,446	1,133,084	20,281
14,756	353,507	1,842	9,863,466	30,759	125,974	4,655
19,535	13,446	-	36,315	310	15,944	-
-	264,134	178,888	336,504	-	36,108	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
78,227,776	208,606,320	2,744,626	2,608,238,865	32,851,231	435,310,809	20,264,278
-	3,138,589	60,501	156,376,350	284,346	9,654,845	10,604
41,309	1,949,953	-	12,081,078	14,654	5,191,635	15,640
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
66,189	139,823	1,794	1,173,167	23,564	302,818	16,544
81,690	146,522	2,071	1,533,747	26,135	296,798	23,550
189,188	5,374,887	64,366	171,164,342	348,699	15,446,096	66,338
78,038,588	203,231,433	2,680,260	2,437,074,523	32,502,532	419,864,713	20,197,940
133,248,036	186,499,067	4,587,040	1,551,406,244	35,100,317	729,292,850	31,515,579
130,129,167	264,384,191	-	1,559,253,199	36,349,592	327,199,031	44,032,933
138,547,133	305,658,602	-	1,397,468,928	29,601,641	600,555,020	41,371,151

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2008 (CONTINUED)

	Franklin U.S. Total Return Fund (USD)	Franklin U.S. Ultra Short Bond Fund (USD)	Franklin World Perspectives Fund* (USD)	Franklin Mutual Beacon Fund (USD)	Franklin Mutual Euroland Fund* (EUR)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	36,513,853	61,095,052	20,856,391	1,136,678,675	3,191,645
Cash	3,397,306	8,105,634	552,745	69,607,579	3,658,912
Time deposits and repurchase agreements (note 19)	-	-	400,000	-	-
Amounts receivable on sale of investments	2,600,773	143,712	99,623	6,497,982	-
Amounts receivable on subscriptions	4,230	176,911	14,066	5,921,842	-
Interest and dividends receivable, net	315,794	188,188	41,703	9,912,867	7,943
Other receivables	13,906	14,732	-	9,320,620	7,211
Unrealised profit on forward foreign exchange contracts (note 4)	400,014	-	-	11,818,811	-
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-
Unrealised profit on financial future contracts (note 7)	75,449	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>43,321,325</b>	<b>69,724,229</b>	<b>21,964,528</b>	<b>1,249,758,376</b>	<b>6,865,711</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	11,545,735	-	69,566	5,244,206	554,115
Amounts payable on redemptions	45,776	90,714	-	5,316,508	-
Bank overdraft	-	-	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	-	-	-	-	-
Unrealised loss on credit default swaps (note 5)	183,387	-	-	-	-
Option contracts at market value (note 8)	-	-	-	29,902	-
Investment management fees payable (note 3)	19,827	40,556	15,584	959,830	2,558
Taxes and expense payable	109,585	64,004	12,034	1,153,524	5,319
<b>TOTAL LIABILITIES</b>	<b>11,904,310</b>	<b>195,274</b>	<b>97,184</b>	<b>12,703,970</b>	<b>561,992</b>
<b>TOTAL NET ASSETS</b>	<b>31,417,015</b>	<b>69,528,955</b>	<b>21,867,344</b>	<b>1,237,054,406</b>	<b>6,303,719</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2008	46,717,257	63,539,119	-	2,038,468,236	-
June 30, 2007	76,706,239	119,163,368	-	3,976,435,089	-
June 30, 2006	32,788,734	78,039,025	-	2,497,854,663	-

\* These Funds were launched on October 14, 2008

**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2008 (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)
3,109,064,925	447,718,633	20,406,597	200,348,682	35,981,513	14,823,541,137	264,038,140
-	64,504,042	17,794,784	161,786,015	4,930	465,690,762	16,575,141
107,600,000	30,016,996	1,850,000	-	910,000	-	-
111,433,357	642,888	1,754	557,797	-	189,626	-
7,700,742	3,474,254	3,031,928	11,995,732	38,518	-	610,306
3,037,285	475,193	25,928	1,442,744	29,031	25,759,533	5,283,227
3,098,272	3,832,653	199	6,471	5,816	6,530	26,849
-	5,666,126	234,377	15,544,344	-	-	43,573,971
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	9,873	-	-	-
3,341,934,581	556,330,785	43,345,567	391,691,658	36,969,808	15,315,187,588	330,107,634
25,691,719	1,807,739	2,254,381	11,063,054	-	73,578,926	2,283
7,547,646	866,332	17,745	355,028	106,554	141,062,281	544,783
59,443,118	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,485,283	1,351,962	168	-	-	-	-
2,503,112	408,973	29,597	265,931	30,188	12,112,862	200,947
2,610,020	413,943	13,734	234,439	38,450	17,962,599	1,237,718
101,280,898	4,848,949	2,315,625	11,918,452	175,192	244,716,668	1,985,731
3,240,653,683	551,481,836	41,029,942	379,773,206	36,794,616	15,070,470,920	328,121,903
4,378,425,615	583,586,135	9,289,246	210,159,691	47,903,942	28,640,457,830	801,249,143
4,018,774,922	483,544,310	-	-	31,503,432	62,219,368,412	543,324,970
2,153,150,039	75,348,914	-	-	25,217,045	73,210,840,177	135,336,286

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2008 (CONTINUED)

	Templeton Asian Growth Fund (USD)	Templeton Asian Smaller Companies Fund* (USD)	Templeton BRIC Fund (USD)	Templeton China Fund (USD)	Templeton Eastern Europe Fund (EUR)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	2,839,824,151	5,101,511	989,947,074	387,121,409	289,941,579
Cash	885,896	155,810	2,920,862	23,049	42,115
Time deposits and repurchase agreements (note 19)	32,190,000	-	31,715,000	7,825,000	7,030,000
Amounts receivable on sale of investments	90,938	-	6,192,500	52	865,542
Amounts receivable on subscriptions	7,511,617	-	2,550,221	1,388,923	758,525
Interest and dividends receivable, net	5,518,392	-	8,251,462	-	599,521
Other receivables	20,083	9,670	76,625	676	259,623
Unrealised profit on forward foreign exchange contracts (note 4)	267,908	-	106,761	-	-
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-
Unrealised profit on financial future contracts (note 7)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>2,886,308,985</b>	<b>5,266,991</b>	<b>1,041,760,505</b>	<b>396,359,109</b>	<b>299,496,905</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	834,030	-	4,581,703	1,446,252	870,719
Amounts payable on redemptions	42,109,668	-	1,503,856	1,283,501	724,228
Bank overdraft	-	-	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	-	-	-	-	-
Unrealised loss on credit default swaps (note 5)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
Investment management fees payable (note 3)	2,956,456	3,949	1,364,757	512,007	411,839
Taxes and expense payable	3,296,816	6,409	1,354,026	421,057	496,363
<b>TOTAL LIABILITIES</b>	<b>49,196,970</b>	<b>10,358</b>	<b>8,804,342</b>	<b>3,662,817</b>	<b>2,503,149</b>
<b>TOTAL NET ASSETS</b>	<b>2,837,112,015</b>	<b>5,256,633</b>	<b>1,032,956,163</b>	<b>392,696,292</b>	<b>296,993,756</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2008	6,348,631,189	-	2,603,423,258	661,040,772	851,335,704
June 30, 2007	6,668,399,635	-	1,665,679,700	943,153,254	1,535,470,469
June 30, 2006	4,090,231,599	-	849,985,119	900,333,445	1,368,376,679

\* This Fund was launched on October 14, 2008

The accompanying notes form an integral

**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2008 (CONTINUED)**

Templeton Emerging Markets Fund (USD)	Templeton Emerging Markets Bond Fund (USD)	Templeton Emerging Markets Smaller Companies Fund (USD)	Templeton Euro Liquid Reserve Fund (EUR)	Templeton Euroland Fund (EUR)	Templeton Euroland Bond Fund (EUR)	Templeton European Fund (EUR)
682,383,780	530,250,751	121,830,371	77,568,439	140,347,411	20,826,906	136,262,845
859,422	-	3,177,511	4,867	565,151	2,334	1,645,018
26,480,000	36,990,000	-	11,865,000	2,760,000	1,495,000	3,235,000
1,040,792	37,118	183,882	-	-	-	1,386,673
1,236,168	8,096,283	50,141	153,080	329,618	334,507	218,825
2,603,879	17,728,538	336,888	192,098	-	550,224	281,030
39,994	905	14,328	-	29,928	41	13,110
-	25,750,020	-	-	-	-	-
-	5,024,550	-	-	-	-	-
-	-	-	-	-	-	-
-	13,164	-	-	-	-	-
714,644,035	623,891,329	125,593,121	89,783,484	144,032,108	23,209,012	143,042,501
3,784,243	819,314	-	-	357,856	-	935,789
1,249,903	6,483,552	152,789	2,300,056	1,191,667	88,180	238,375
-	403,293	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
876,878	486,995	161,053	23,843	114,595	11,020	112,129
825,693	1,189,951	178,457	64,118	149,527	15,742	103,725
6,736,717	9,383,105	492,299	2,388,017	1,813,645	114,942	1,390,018
707,907,318	614,508,224	125,100,822	87,395,467	142,218,463	23,094,070	141,652,483
1,385,750,299	1,301,111,924	337,862,226	130,874,425	258,107,008	27,728,076	159,284,716
1,547,177,640	1,050,795,188	-	89,849,196	1,155,494,126	14,715,203	384,654,156
1,269,345,014	436,919,556	-	103,611,297	1,116,961,940	15,795,963	345,140,332

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2008 (CONTINUED)

	Templeton European Total Return Fund (EUR)	Templeton Frontier Markets Fund* (USD)	Templeton Global Fund (USD)	Templeton Global (Euro) Fund (EUR)	Templeton Global Balanced Fund (USD)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	94,432,987	4,495,194	904,161,389	440,566,519	625,123,123
Cash	11,429	817,711	9,134,574	3,253,998	–
Time deposits and repurchase agreements (note 19)	5,165,000	–	49,815,000	10,850,000	–
Amounts receivable on sale of investments	–	39,269	16	1,141,831	39,722,387
Amounts receivable on subscriptions	52,792	88,000	7,498,616	601,561	1,142,649
Interest and dividends receivable, net	2,929,613	1,909	2,048,476	832,479	3,703,939
Other receivables	35,383	–	83,909	43,634	46,646
Unrealised profit on forward foreign exchange contracts (note 4)	–	21,304	–	32,770	9,871,997
Unrealised profit on interest rate swaps (note 6)	–	–	–	–	–
Unrealised profit on financial future contracts (note 7)	–	–	–	–	–
Option contracts at market value (note 8)	–	–	–	–	13,164
<b>TOTAL ASSETS</b>	<b>102,627,204</b>	<b>5,463,387</b>	<b>972,741,980</b>	<b>457,322,792</b>	<b>679,623,905</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	–	29,511	–	2,322,396	18,320,000
Amounts payable on redemptions	539,580	–	1,447,676	825,860	947,148
Bank overdraft	–	–	–	–	1,778,673
Unrealised loss on forward foreign exchange contracts (note 4)	1,417,770	–	–	–	–
Unrealised loss on credit default swaps (note 5)	–	–	–	–	–
Option contracts at market value (note 8)	–	–	–	–	–
Investment management fees payable (note 3)	65,922	4,907	722,470	373,829	432,356
Taxes and expense payable	122,571	5,733	863,819	402,530	848,017
<b>TOTAL LIABILITIES</b>	<b>2,145,843</b>	<b>40,151</b>	<b>3,033,965</b>	<b>3,924,615</b>	<b>22,326,194</b>
<b>TOTAL NET ASSETS</b>	<b>100,481,361</b>	<b>5,423,236</b>	<b>969,708,015</b>	<b>453,398,177</b>	<b>657,297,711</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2008	196,656,134	–	1,635,360,447	616,563,108	993,992,609
June 30, 2007	595,582,634	–	2,053,160,206	1,002,447,135	1,130,092,032
June 30, 2006	687,965,316	–	1,261,195,083	829,359,689	592,514,252

\* This Fund was launched on October 14, 2008

The accompanying notes form an integral

**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2008 (CONTINUED)**

Templeton Global Bond Fund (USD)	Templeton Global Bond (Euro) Fund (EUR)	Templeton Global Equity Income Fund (USD)	Templeton Global High Yield Fund (USD)	Templeton Global Income Fund (USD)	Templeton Global Smaller Companies Fund (USD)	Templeton Global Total Return Fund (USD)
7,423,176,836	134,348,645	95,506,902	5,139,811	89,211,985	84,188,136	1,826,418,647
43,217,196	1,119,158	1,395	494,117	525,844	343,015	25,714,894
31,685,000	5,520,000	3,535,000	-	-	12,325,000	-
10,577	-	-	-	-	49,442	10,285,393
43,353,048	861,566	188,881	2,733	43,943	292,504	2,966,795
168,946,979	2,504,992	438,681	148,436	1,401,527	148,203	47,708,097
32,068	12,762	59,692	-	30,010	149	231,941
1,177,761,861	17,834,604	-	4,605	6,676,885	-	294,275,730
63,281,093	66,301	-	-	-	-	34,014,777
-	-	-	-	-	-	-
13,164	9,414	-	13,164	13,164	-	26,328
8,951,477,822	162,277,442	99,730,551	5,802,866	97,903,358	97,346,449	2,241,642,602
11,088,577	5,593	-	-	-	10,207	7,261,956
32,022,270	146,422	99,058	2,695	139,288	217,086	7,319,353
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,426,674	99,260	81,353	3,389	67,619	77,624	1,344,255
14,344,297	265,912	109,857	6,616	147,867	105,387	4,239,057
62,881,818	517,187	290,268	12,700	354,774	410,304	20,164,621
8,888,596,004	161,760,255	99,440,283	5,790,166	97,548,584	96,936,145	2,221,477,981
10,134,928,080	213,603,431	177,141,209	7,533,849	145,616,401	180,141,227	3,624,150,774
6,908,361,188	317,255,924	454,567,618	-	266,267,053	369,730,930	1,951,541,554
3,634,789,337	59,258,439	121,737,457	-	39,342,011	303,979,488	258,572,804

**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2008 (CONTINUED)**

	Templeton Growth (Euro) Fund	Templeton Korea Fund	Templeton Latin America Fund	Templeton Thailand Fund	Templeton U.S. Dollar Liquid Reserve Fund	Templeton U.S. Value Fund
	(EUR)	(USD)	(USD)	(USD)	(USD)	(USD)
<b>ASSETS</b>						
Investment in securities at market value (note 2(b))	3,105,581,620	51,775,911	1,097,617,463	76,485,432	228,845,270	10,974,576
Cash	11,063,243	1,427,245	35,518,487	232,989	59,116,378	631,356
Time deposits and repurchase agreements (note 19)	316,886,854	1,425,000	35,515,000	-	-	-
Amounts receivable on sale of investments	-	177,508	153,662	-	8,000,000	-
Amounts receivable on subscriptions	21,699,029	197,865	10,792,707	151,781	505,962	2,607
Interest and dividends receivable, net	6,284,591	-	5,813,577	10,304	86,160	19,598
Other receivables	2,049	118	2,640	-	-	28
Unrealised profit on forward foreign exchange contracts (note 4)	-	-	-	-	-	41,650
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-	-
Unrealised profit on financial future contracts (note 7)	-	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>3,461,517,386</b>	<b>55,003,647</b>	<b>1,185,413,536</b>	<b>76,880,506</b>	<b>296,553,770</b>	<b>11,669,815</b>
<b>LIABILITIES</b>						
Amounts payable on purchases of investments	10,242,402	-	387,730	-	-	-
Amounts payable on redemptions	7,373,320	92,298	6,526,167	162,700	1,870,554	8,573
Bank overdraft	-	-	-	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	-	-	-	-	-	-
Unrealised loss on credit default swaps (note 5)	-	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-	-
Investment management fees payable (note 3)	2,817,864	66,994	1,269,238	99,962	77,790	9,480
Taxes and expense payable	3,044,863	73,001	1,312,390	101,651	184,961	12,934
<b>TOTAL LIABILITIES</b>	<b>23,478,449</b>	<b>232,293</b>	<b>9,495,525</b>	<b>364,313</b>	<b>2,133,305</b>	<b>30,987</b>
<b>TOTAL NET ASSETS</b>	<b>3,438,038,937</b>	<b>54,771,354</b>	<b>1,175,918,011</b>	<b>76,516,193</b>	<b>294,420,465</b>	<b>11,638,828</b>
<b>THREE YEAR ASSET SUMMARY</b>						
June 30, 2008	4,561,999,638	124,452,365	2,629,312,818	200,115,502	306,877,178	15,769,035
June 30, 2007	7,647,134,790	169,183,627	1,620,905,591	228,924,862	142,504,519	35,496,924
June 30, 2006	6,787,870,205	156,060,576	481,098,175	178,853,406	149,922,713	10,424,882

The accompanying notes form an integral part of these financial statements

## STATISTICAL INFORMATION

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2008 (see Note 17)	Shares Outstanding December 31, 2008	December 31, 2008	Net Asset Value per Share June 30, 2008	June 30, 2007
<b>Franklin Asian Flex Cap Fund – USD</b>					
Franklin Asian Flex Cap – A (Acc)	2.00%	713,619.012	7.46	11.15	12.72
Franklin Asian Flex Cap – A (Acc) – SGD	1.95%	1,604.851	4.76	6.76	
Franklin Asian Flex Cap – A (Ydis)	2.00%	285,695.066	7.45	11.13	12.73
Franklin Asian Flex Cap – A (Ydis) – GBP	2.00%	106,066.517	5.10	5.59	6.33
Franklin Asian Flex Cap – B (Acc)	3.25%	1,103,384.003	7.26	10.92	12.62
Franklin Asian Flex Cap – C (Acc)	2.60%	3,639.791	7.34	11.00	12.67
Franklin Asian Flex Cap – I (Acc)	1.00%	250,438.765	7.65	11.37	12.80
Franklin Asian Flex Cap – I (Ydis)	1.00%	99,700.000	7.50	11.26	12.80
Franklin Asian Flex Cap – N (Acc)	2.75%	170,931.675	7.33	11.00	12.66
<b>Franklin Biotechnology Discovery Fund – USD</b>					
Franklin Biotechnology Discovery – A (Acc)	2.11%	6,025,915.958	7.83	8.33	8.96
Franklin Biotechnology Discovery – A (Acc) – SGD	2.12%	1,797,107.586	8.17	8.26	
Franklin Biotechnology Discovery – B (Acc)	3.45%	458,184.588	7.02	7.53	8.19
Franklin Biotechnology Discovery – C (Acc)	2.68%	109,765.381	9.77	10.44	11.28
Franklin Biotechnology Discovery – I (Acc)	0.97%	25,421.859	10.88	11.53	12.26
Franklin Biotechnology Discovery – N (Acc)	2.89%	390,330.334	7.27	7.77	8.42
<b>Franklin Euroland Core Fund – EUR *</b>					
Franklin Euroland Core – A (Acc)	1.76%	168,662.110	10.08		
Franklin Euroland Core – A (Acc) – USD	1.74%	177,416.582	11.10		
Franklin Euroland Core – I (Acc)	0.89%	638,569.604	10.09		
Franklin Euroland Core – I (Acc) – USD	0.89%	811,047.233	11.11		
Franklin Euroland Core – N (Acc)	2.44%	39,910.600	10.08		
<b>Franklin European Growth Fund – EUR</b>					
Franklin European Growth – A (Acc)	2.00%	1,746,159.248	5.57	7.52	9.66
Franklin European Growth – I (Acc)	1.00%	147,757.421	10.27	13.80	17.58
Franklin European Growth – N (Acc)	2.75%	424,412.956	5.23	7.09	9.18
<b>Franklin European Small-Mid Cap Growth Fund – EUR</b>					
Franklin European Small-Mid Cap Growth – A (Acc)	2.07%	1,650,755.598	11.60	16.58	21.94
Franklin European Small-Mid Cap Growth – A (Acc) – USD	2.06%	46,865.049	16.23	26.12	29.69
Franklin European Small-Mid Cap Growth – B (Acc) – USD	3.37%	36,720.791	16.48	26.71	30.75
Franklin European Small-Mid Cap Growth – I (Acc)	0.99%	191,874.904	12.98	18.45	24.17
Franklin European Small-Mid Cap Growth – I (Acc) – USD	1.00%	6,554.583	18.14	29.04	32.71
Franklin European Small-Mid Cap Growth – N (Acc)	2.80%	354,441.423	11.39	16.35	21.80
<b>Franklin Global Growth Fund – USD</b>					
Franklin Global Growth – A (Acc)	1.97%	2,367,233.351	6.56	11.42	12.16
Franklin Global Growth – I (Acc)	0.99%	500.000	5.40	9.53	
Franklin Global Growth – N (Acc)	2.71%	287,313.940	6.17	10.78	11.57
<b>Franklin Global Real Estate (Euro) Fund – EUR</b>					
Franklin Global Real Estate (Euro) – A (Acc)	1.94%	1,921,094.186	5.65	8.87	11.99
Franklin Global Real Estate (Euro) – A (Ydis)	1.94%	75,482.798	7.87	12.61	17.25
Franklin Global Real Estate (Euro) – I (Acc)	0.99%	422,548.418	5.80	9.07	12.14
Franklin Global Real Estate (Euro) – I (Ydis)	1.00%	3,565.031	5.51	8.89	12.14
Franklin Global Real Estate (Euro) – N (Acc)	2.69%	362,735.272	5.52	8.71	11.85
<b>Franklin Global Real Estate (USD) Fund – USD</b>					
Franklin Global Real Estate (USD) – A (Acc)	1.93%	2,351,308.753	6.08	9.15	12.43
Franklin Global Real Estate (USD) – A (Qdis)	1.93%	445,081.815	5.78	8.79	12.18
Franklin Global Real Estate (USD) – A (Qdis) – SGD	1.91%	1,219.919	4.92	7.10	
Franklin Global Real Estate (USD) – B (Qdis)	3.22%	144,763.013	5.76	8.75	12.11
Franklin Global Real Estate (USD) – C (Qdis)	2.51%	421,662.176	5.78	8.77	12.16
Franklin Global Real Estate (USD) – I (Acc)	1.00%	275,977.487	6.25	9.35	12.61
Franklin Global Real Estate (USD) – I (Qdis)	0.99%	204,073.625	5.79	8.81	12.21
Franklin Global Real Estate (USD) – N (Acc)	2.67%	137,972.929	5.94	8.97	12.29
Franklin Global Real Estate (USD) – N (Qdis)	2.68%	1,870.791	5.79	8.79	12.14

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2008 (see Note 17)	Shares Outstanding December 31, 2008	December 31, 2008	Net Asset Value per Share June 30, 2008	June 30, 2007
<b>Franklin Global Small-Mid Cap Growth Fund – USD</b>					
Franklin Global Small-Mid Cap Growth – A (Acc)	2.01%	950,421.002	12.42	18.92	21.60
Franklin Global Small-Mid Cap Growth – B (Acc)	3.32%	82,413.072	11.34	17.39	20.11
Franklin Global Small-Mid Cap Growth – I (Acc)	1.00%	500.000	6.48	9.83	
Franklin Global Small-Mid Cap Growth – N (Acc)	2.76%	134,176.420	11.70	17.90	20.59
<b>Franklin High Yield Fund – USD</b>					
Franklin High Yield – A (Acc)	1.55%	1,781,787.004	8.26	11.07	11.22
Franklin High Yield – A (Mdis)	1.55%	170,535,714.868	4.95	6.93	7.52
Franklin High Yield – A (Mdis) – SGD hedged (H1)	1.56%	801,015.029	6.36	9.16	
Franklin High Yield – B (Mdis)	2.95%	17,838,965.797	4.98	6.97	7.56
Franklin High Yield – C (Acc)	2.24%	375,849.906	11.19	15.05	15.36
Franklin High Yield – I (Acc)	0.80%	449.236	8.13	10.87	
Franklin High Yield – I (Mdis)	0.79%	8,705,632.611	7.76	10.87	11.79
Franklin High Yield – N (Acc)	2.15%	998,027.752	8.99	12.09	12.32
<b>Franklin High Yield (Euro) Fund – EUR</b>					
Franklin High Yield (Euro) – A (Acc)	1.58%	3,386,329.017	7.70	10.98	12.24
Franklin High Yield (Euro) – A (Ydis)	1.58%	5,484,498.609	4.31	6.59	7.78
Franklin High Yield (Euro) – A (Mdis)	1.50%	324,483.157	4.16	6.22	
Franklin High Yield (Euro) – I (Acc)	0.89%	730,623.210	7.98	11.33	12.55
Franklin High Yield (Euro) – I (Ydis)	0.88%	6,624,799.416	6.55	10.04	11.85
Franklin High Yield (Euro) – I (Mdis)	0.90%	455.389	6.31	9.43	
Franklin High Yield (Euro) – N (Acc)	2.18%	6,066,447.695	7.32	10.47	11.75
<b>Franklin Income Fund – USD</b>					
Franklin Income – A (Mdis)	1.74%	16,281,376.153	8.45	11.71	13.10
Franklin Income – A (Mdis) – SGD hedged (H1)	1.74%	4,361,866.433	6.19	8.84	
Franklin Income – B (Mdis)	3.04%	14,919,443.357	8.10	11.22	12.53
Franklin Income – C (Acc)	2.32%	4,967,166.263	12.12	16.41	17.65
Franklin Income – C (Mdis)	2.32%	817,552.809	10.89	15.05	16.86
Franklin Income – I (Acc)	0.88%	227,233.706	9.49	12.76	13.52
Franklin Income – N (Acc)	2.23%	3,107,939.543	11.20	15.16	16.29
<b>Franklin India Fund – USD</b>					
Franklin India – A (Acc)	2.00%	16,152,800.563	12.30	16.98	20.32
Franklin India – A (Acc) – EUR	2.00%	2,995,175.637	10.64	13.04	18.16
Franklin India – A (Ydis) – EUR	2.00%	56,911.359	15.69	19.23	26.78
Franklin India – A (Ydis) – GBP	2.00%	222,629.555	15.02	15.20	18.04
Franklin India – B (Acc)	3.24%	1,578,852.749	11.82	16.41	19.90
Franklin India – C (Acc)	2.60%	865,297.802	12.07	16.71	20.12
Franklin India – I (Acc)	1.00%	1,813,786.489	12.67	17.41	20.64
Franklin India – I (Acc) – EUR	1.00%	310,426.569	10.95	13.36	18.46
Franklin India – I (Ydis) – EUR	1.00%	726.511	10.97	13.38	18.46
Franklin India – N (Acc)	2.74%	1,784,197.015	12.01	16.64	20.07
Franklin India – N (Acc) – EUR	2.75%	1,558,804.679	10.43	12.83	18.01
<b>Franklin MENA Fund – USD</b>					
Franklin MENA – A (Acc)	2.51%	4,847,947.997	4.10	9.83	
Franklin MENA – A (Acc) – EUR	2.54%	293,094.562	2.91	6.24	
Franklin MENA – A (Acc) – EUR hedged (H1)	2.57%	110,928.517	2.54	6.35	
Franklin MENA – A (Ydis)	2.55%	2,857.463	4.67		
Franklin MENA – A (Ydis) – EUR	2.57%	4,406.589	4.95		
Franklin MENA – A (Ydis) – GBP	2.54%	13,502.864	5.98		
Franklin MENA – B (Acc)	3.85%	127,556.234	4.07	9.82	
Franklin MENA – C (Acc)	3.10%	2,000.000	4.09	9.82	
Franklin MENA – I (Acc)	1.51%	169,771.000	4.12	9.83	
Franklin MENA – I (Acc) – EUR	1.52%	264,066.861	2.95	6.24	
Franklin MENA – I (Acc) – EUR hedged (H1)	1.54%	100,018.576	2.54	6.36	
Franklin MENA – I (Ydis)	1.47%	484.420	4.84		
Franklin MENA – N (Acc)	3.00%	40,117.897	4.09	9.83	
Franklin MENA – N (Acc) – EUR hedged (H1)	3.09%	154,241.563	2.54	6.35	

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2008 (see Note 17)	Shares Outstanding December 31, 2008	December 31, 2008	Net Asset Value per Share June 30, 2008	June 30, 2007
<b>Franklin Natural Resources Fund – USD</b>					
Franklin Natural Resources – A (Acc)	1.93%	2,154,180.517	5.30	12.70	
Franklin Natural Resources – A (Acc) – EUR	1.93%	384,877.952	3.80	8.08	
Franklin Natural Resources – A (Ydis)	1.93%	362,890.636	5.30	12.70	
Franklin Natural Resources – C (Acc)	2.53%	92,436.529	5.04	12.12	
Franklin Natural Resources – I (Acc)	0.98%	853,114.868	5.38	12.81	
Franklin Natural Resources – I (Acc) – EUR	0.98%	131,612.141	3.85	8.14	
Franklin Natural Resources – N (Acc) – EUR	2.68%	139,697.334	3.75	8.00	
<b>Franklin Strategic Income Fund – USD</b>					
Franklin Strategic Income – A (Acc)	1.35%	3,013,361.763	9.22	10.23	
Franklin Strategic Income – A (Acc) – EUR	1.35%	518,930.197	6.60	6.50	
Franklin Strategic Income – A (Mdis)	1.35%	1,636,615.983	8.69	9.87	
Franklin Strategic Income – A (Mdis) – EUR	1.35%	140,662.818	6.22	6.27	
Franklin Strategic Income – B (Mdis)	2.60%	834,943.044	8.68	9.86	
Franklin Strategic Income – C (Mdis)	1.95%	1,278,976.001	8.68	9.86	
Franklin Strategic Income – I (Acc)	0.78%	159,667.770	9.30	10.29	
<b>Franklin Technology Fund – USD</b>					
Franklin Technology – A (Acc)	1.84%	18,115,650.891	3.69	5.44	5.78
Franklin Technology – A (Acc) – EUR	1.80%	310,471.290	2.64	3.46	4.27
Franklin Technology – B (Acc)	3.18%	378,666.310	3.29	4.88	5.26
Franklin Technology – C (Acc)	2.46%	48,887.057	7.58	11.20	11.98
Franklin Technology – I (Acc) – EUR	0.98%	149,014.950	4.53	5.90	
Franklin Technology – N (Acc)	2.63%	1,187,098.193	3.34	4.94	5.29
Franklin Technology – N (Acc) – EUR	2.67%	1,064,572.576	2.39	3.14	3.91
<b>Franklin U.S. Equity Fund – USD</b>					
Franklin U.S. Equity – A (Acc)	1.89%	8,416,707.234	11.11	14.99	17.13
Franklin U.S. Equity – A (Acc) – EUR	1.89%	507,328.061	7.93	9.51	12.64
Franklin U.S. Equity – A (Acc) – EUR hedged (H1)	1.87%	174,618.112	7.96	11.06	12.86
Franklin U.S. Equity – B (Acc)	3.20%	1,334,171.129	9.79	13.31	15.40
Franklin U.S. Equity – C (Acc)	2.47%	504,429.937	9.97	13.50	15.52
Franklin U.S. Equity – I (Acc)	0.98%	5,809,999.786	8.67	11.65	13.19
Franklin U.S. Equity – I (Acc) – EUR	0.98%	1,645,552.827	5.74	6.85	9.02
Franklin U.S. Equity – I (Acc) – EUR hedged (H1)	1.00%	516,905.537	5.48	7.54	
Franklin U.S. Equity – N (Acc)	2.64%	834,301.238	10.34	14.02	16.14
Franklin U.S. Equity – N (Acc) – EUR	2.66%	768,561.512	7.39	8.89	11.90
<b>Franklin U.S. Focus Fund – USD</b>					
Franklin U.S. Focus – A (Acc)	1.83%	50,946.607	6.02	9.03	
Franklin U.S. Focus – A (Acc) – EUR hedged (H1)	1.88%	133,144.706	3.70	5.85	
Franklin U.S. Focus – I (Acc)	0.99%	50,000.000	6.05	9.04	
Franklin U.S. Focus – I (Acc) – EUR hedged (H1)	1.01%	133,144.706	3.72	5.86	
Franklin U.S. Focus – N (Acc)	2.58%	500.000	5.99	9.02	
Franklin U.S. Focus – N (Acc) – EUR hedged (H1)	2.65%	133,144.705	3.68	5.84	
<b>Franklin U.S. Government Fund – USD</b>					
Franklin U.S. Government – A (Mdis)	1.28%	135,143,067.640	9.36	9.12	8.91
Franklin U.S. Government – A (Mdis) – SGD hedged (H1)	1.29%	937,004.579	10.04	9.93	
Franklin U.S. Government – AX (Acc)	1.47%	5,469,805.626	13.01	12.43	11.68
Franklin U.S. Government – B (Acc)	2.55%	933,803.929	11.34	10.89	10.33
Franklin U.S. Government – B (Mdis)	2.56%	31,309,823.784	9.37	9.14	8.93
Franklin U.S. Government – C (Acc)	2.07%	4,459,091.380	11.86	11.36	10.73
Franklin U.S. Government – I (Acc)	0.60%	2,104,566.256	10.87	10.34	9.63
Franklin U.S. Government – I (Mdis)	0.60%	67,287,810.514	9.80	9.55	9.33
Franklin U.S. Government – N (Acc)	1.98%	1,782,932.589	12.38	11.86	11.19
Franklin U.S. Government – N (Mdis)	1.99%	3,547,096.765	9.37	9.12	8.92

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2008 (see Note 17)	Shares Outstanding December 31, 2008	December 31, 2008	Net Asset Value per Share June 30, 2008	June 30, 2007
<b>Franklin U.S. Growth Fund – USD</b>					
Franklin U.S. Growth – A (Acc)	1.86%	2,142,383.423	8.38	11.97	13.03
Franklin U.S. Growth – B (Acc)	3.21%	186,085.692	7.85	11.28	12.43
Franklin U.S. Growth – C (Acc)	2.46%	144,668.204	8.11	11.62	12.73
Franklin U.S. Growth – I (Acc)	0.98%	1,293,004.532	8.87	12.61	13.61
Franklin U.S. Growth – N (Acc)	2.62%	54,230.663	8.06	11.55	12.67
<b>Franklin U.S. Opportunities Fund – USD</b>					
Franklin U.S. Opportunities – A (Acc)	1.84%	36,014,052.656	4.37	6.82	6.79
Franklin U.S. Opportunities – A (Acc) – EUR	1.86%	10,799,722.504	3.12	4.33	5.02
Franklin U.S. Opportunities – A (Acc) – EUR hedged (H1)	1.85%	251,389.956	3.14	4.94	
Franklin U.S. Opportunities – A (Acc) – SGD	1.84%	707,940.579	5.56	8.26	
Franklin U.S. Opportunities – A (Ydis) – EUR	1.85%	19,047.560	3.18	4.42	5.17
Franklin U.S. Opportunities – A (Ydis) – GBP	1.85%	178,919.113	2.98	3.42	3.38
Franklin U.S. Opportunities – B (Acc)	3.15%	3,172,723.547	3.89	6.13	6.18
Franklin U.S. Opportunities – C (Acc)	2.43%	944,753.576	7.40	11.60	11.61
Franklin U.S. Opportunities – I (Acc)	0.98%	12,345,638.197	10.34	16.09	15.88
Franklin U.S. Opportunities – I (Acc) – EUR	0.98%	4,620,643.458	7.39	10.22	11.73
Franklin U.S. Opportunities – I (Acc) – EUR hedged (H1)	1.00%	71,364.167	7.40	11.57	
Franklin U.S. Opportunities – N (Acc)	2.59%	1,320,790.565	9.37	14.69	14.73
Franklin U.S. Opportunities – N (Acc) – EUR	2.62%	307,569.485	6.69	9.32	10.89
<b>Franklin U.S. Small-Mid Cap Growth Fund – USD</b>					
Franklin U.S. Small-Mid Cap Growth – A (Acc)	2.00%	2,456,939.642	7.12	11.01	12.68
Franklin U.S. Small-Mid Cap Growth – B (Acc)	3.31%	163,550.388	10.60	16.50	19.24
Franklin U.S. Small-Mid Cap Growth – C (Acc)	2.59%	26,073.764	6.88	10.67	12.36
Franklin U.S. Small-Mid Cap Growth – I (Acc)	0.99%	500.000	6.62	10.18	11.61
Franklin U.S. Small-Mid Cap Growth – N (Acc)	2.76%	118,512.992	6.68	10.36	12.03
<b>Franklin U.S. Total Return Fund – USD</b>					
Franklin U.S. Total Return – A (Acc)	1.20%	1,636,136.208	10.47	11.72	11.65
Franklin U.S. Total Return – A (Mdis)	1.20%	1,100,173.676	8.55	9.79	10.17
Franklin U.S. Total Return – B (Acc)	2.65%	114,828.216	9.70	10.93	11.03
Franklin U.S. Total Return – B (Mdis)	2.65%	13,214.302	8.54	9.78	10.16
Franklin U.S. Total Return – C (Mdis)	2.20%	111,850.805	8.54	9.78	10.16
Franklin U.S. Total Return – I (Acc)	0.84%	496.524	10.01	11.18	11.07
Franklin U.S. Total Return – I (Mdis)	0.82%	622.009	9.02	10.32	10.72
Franklin U.S. Total Return – N (Mdis)	1.89%	314,566.290	8.54	9.78	10.16
<b>Franklin U.S. Ultra Short Bond Fund – USD</b>					
Franklin U.S. Ultra Short Bond – A (Mdis)	1.14%	1,869,076.487	9.34	9.76	9.88
Franklin U.S. Ultra Short Bond – AX (Acc)	1.35%	3,488,155.189	10.93	11.30	11.03
Franklin U.S. Ultra Short Bond – B (Acc)	2.35%	249,029.910	10.35	10.76	10.61
Franklin U.S. Ultra Short Bond – B (Mdis)	2.34%	314,716.677	9.34	9.76	9.87
Franklin U.S. Ultra Short Bond – C (Mdis)	2.10%	648,802.155	9.34	9.75	9.87
Franklin U.S. Ultra Short Bond – I (Acc)	0.62%	37,225.906	11.04	11.38	11.06
Franklin U.S. Ultra Short Bond – N (Mdis)	1.84%	210,257.007	9.33	9.75	9.87
<b>Franklin World Perspectives Fund – USD *</b>					
Franklin World Perspectives – A (Acc)	1.82%	400,000.000	8.71		
Franklin World Perspectives – A (Acc) – EUR	1.82%	299,045.656	8.50		
Franklin World Perspectives – A (Ydis) – GBP	1.82%	143,484.375	10.39		
Franklin World Perspectives – B (Acc)	3.16%	500.000	9.78		
Franklin World Perspectives – C (Acc)	2.43%	500.000	9.79		
Franklin World Perspectives – I (Acc)	0.98%	400,000.000	8.73		
Franklin World Perspectives – I (Acc) – EUR	0.98%	293,179.920	8.51		
Franklin World Perspectives – I (Ydis) – GBP	0.98%	143,484.375	10.41		
Franklin World Perspectives – N (Acc)	2.57%	400,000.000	8.70		

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All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2008 (see Note 17)	Shares Outstanding December 31, 2008	December 31, 2008	Net Asset Value per Share June 30, 2008	June 30, 2007
<b>Franklin Mutual Beacon Fund – USD</b>					
Franklin Mutual Beacon – A (Acc)	1.88%	18,479,939.996	33.37	46.87	59.69
Franklin Mutual Beacon – A (Acc) – EUR	1.88%	1,911,464.473	23.89	29.79	44.14
Franklin Mutual Beacon – A (Acc) – EUR hedged (H1)	2.00%	226,509.837	23.39	34.49	44.02
Franklin Mutual Beacon – A (Acc) – SGD	1.87%	717,811.951	5.71	7.62	
Franklin Mutual Beacon – A (Ydis)	1.89%	314,293.216	32.58	46.23	59.09
Franklin Mutual Beacon – B (Acc)	3.19%	4,454,763.623	16.52	23.35	30.11
Franklin Mutual Beacon – B (Ydis) – EUR	3.19%	15,595.233	11.81	14.83	22.24
Franklin Mutual Beacon – C (Acc)	2.47%	4,731,845.078	9.84	13.86	17.75
Franklin Mutual Beacon – I (Acc)	0.99%	22,690,575.702	8.70	12.17	15.36
Franklin Mutual Beacon – I (Acc) – EUR	0.99%	5,229,155.829	6.22	7.72	11.34
Franklin Mutual Beacon – I (Acc) – EUR hedged (H1)	1.05%	934,984.533	6.10	8.84	
Franklin Mutual Beacon – N (Acc)	2.64%	4,983,081.003	17.42	24.56	31.52
Franklin Mutual Beacon – N (Acc) – EUR	2.64%	4,264,689.315	12.44	15.57	23.25
Franklin Mutual Beacon – N (Acc) – EUR hedged (H1)	2.79%	223,368.942	12.26	18.08	23.34
<b>Franklin Mutual Euroland Fund – EUR *</b>					
Franklin Mutual Euroland – A (Acc)	1.67%	11,745.177	9.62		
Franklin Mutual Euroland – A (Acc) – USD	1.91%	9,953.673	9.86		
Franklin Mutual Euroland – I (Acc)	1.00%	457,973.774	9.64		
Franklin Mutual Euroland – I (Acc) – USD	0.99%	236,399.725	9.88		
Franklin Mutual Euroland – N (Acc)	2.66%	3,647.771	9.61		
<b>Franklin Mutual European Fund – EUR</b>					
Franklin Mutual European – A (Acc)	1.86%	148,461,460.720	12.51	16.67	21.09
Franklin Mutual European – A (Acc) – USD	1.85%	22,528,371.365	17.50	26.24	28.55
Franklin Mutual European – A (Acc) – SGD	1.85%	500.000	5.83	8.29	
Franklin Mutual European – A (Ydis)	1.86%	1,750,168.634	12.00	16.20	20.65
Franklin Mutual European – A (Ydis) – GBP	1.86%	48,553.730	11.55	12.87	14.04
Franklin Mutual European – B (Acc) – USD	3.15%	4,262,957.587	15.67	23.67	26.07
Franklin Mutual European – B (Ydis)	3.16%	22,558.582	11.10	14.96	19.26
Franklin Mutual European – C (Acc)	2.42%	197,955.723	11.78	15.73	20.03
Franklin Mutual European – C (Acc) – USD	2.43%	1,843,555.709	16.47	24.78	27.12
Franklin Mutual European – I (Acc)	0.99%	66,677,477.125	10.86	14.40	18.07
Franklin Mutual European – I (Ydis)	0.99%	3,391,335.177	10.48	14.23	18.08
Franklin Mutual European – N (Acc)	2.61%	20,431,370.426	10.98	14.69	18.73
Franklin Mutual European – N (Acc) – USD	2.60%	2,150,332.039	15.30	23.03	25.24
<b>Franklin Mutual Global Discovery Fund – USD</b>					
Franklin Mutual Global Discovery – A (Acc)	1.88%	11,856,264.610	10.21	12.43	13.90
Franklin Mutual Global Discovery – A (Acc) – EUR	1.88%	7,211,847.738	8.84	9.55	12.42
Franklin Mutual Global Discovery – A (Acc) – EUR hedged (H2)	1.94%	2,312,502.422	7.20	9.14	10.30
Franklin Mutual Global Discovery – A (Ydis) – EUR	1.88%	500,997.421	12.67	13.82	18.08
Franklin Mutual Global Discovery – A (Ydis) – GBP	1.88%	22,047.989	12.13	10.93	12.19
Franklin Mutual Global Discovery – B (Acc)	3.18%	2,147,708.434	9.81	12.02	13.61
Franklin Mutual Global Discovery – C (Acc)	2.46%	4,982,100.638	10.02	12.23	13.75
Franklin Mutual Global Discovery – I (Acc)	0.98%	10,066,528.411	10.51	12.73	14.11
Franklin Mutual Global Discovery – I (Acc) – EUR	0.98%	6,312,189.365	9.09	9.78	12.61
Franklin Mutual Global Discovery – I (Acc) – EUR hedged (H2)	0.97%	232,018.560	9.56		
Franklin Mutual Global Discovery – I (Ydis) – EUR	0.98%	457.457	8.81	9.66	12.61
Franklin Mutual Global Discovery – N (Acc)	2.63%	2,212,369.132	9.97	12.18	13.72
Franklin Mutual Global Discovery – N (Acc) – EUR	2.63%	1,338,770.535	8.61	9.34	12.24
Franklin Mutual Global Discovery – N (Acc) – EUR hedged (H2)	2.74%	1,027,709.382	7.26	9.25	10.52
<b>Franklin Templeton Global Equity Strategies Fund – USD</b>					
Franklin Templeton Global Equity Strategies – A (Acc)	2.15%	1,011,237.330	6.73	9.15	
Franklin Templeton Global Equity Strategies – A (Acc) – EUR	2.14%	3,761,534.094	4.81	5.81	
Franklin Templeton Global Equity Strategies – A (Acc) – EUR hedged (H1)	2.14%	893,523.859	4.27	5.92	
Franklin Templeton Global Equity Strategies – A (Ydis)	2.10%	53,123.615	6.72	9.15	
Franklin Templeton Global Equity Strategies – A (Ydis) – EUR	2.11%	480,523.340	4.81	5.81	

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All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2008 (see Note 17)	Shares Outstanding December 31, 2008	December 31, 2008	Net Asset Value per Share June 30, 2008	June 30, 2007
<b>Franklin Templeton Global Fundamental Strategies Fund – USD</b>					
Franklin Templeton Global Fundamental Strategies – A (Acc)	1.90%	7,115,767.506	7.81	9.18	
Franklin Templeton Global Fundamental Strategies – A (Acc) – EUR	1.90%	26,373,944.723	5.59	5.83	
Franklin Templeton Global Fundamental Strategies – A (Acc) – EUR hedged (H1)	1.93%	13,518,441.204	5.43	6.41	
Franklin Templeton Global Fundamental Strategies – A (Ydis)	1.90%	427,722.863	7.74	9.18	
Franklin Templeton Global Fundamental Strategies – A (Ydis) – EUR	1.91%	1,276,101.028	5.55	5.83	
Franklin Templeton Global Fundamental Strategies – B (Acc)	3.25%	19,118.868	7.69	9.10	
Franklin Templeton Global Fundamental Strategies – C (Acc)	2.49%	3,646.823	7.75	9.14	
Franklin Templeton Global Fundamental Strategies – I (Acc) – EUR	0.98%	49,978.007	5.65	5.87	
Franklin Templeton Global Fundamental Strategies – N (Acc) – EUR hedged (H1)	2.68%	219,897.786	5.17	6.12	
<b>Franklin Templeton Global Growth and Value Fund – USD</b>					
Franklin Templeton Global Growth and Value – A (Acc)	1.93%	2,514,825.120	12.03	19.06	21.38
Franklin Templeton Global Growth and Value – B (Acc)	3.23%	79,228.050	11.09	17.69	20.10
Franklin Templeton Global Growth and Value – C (Acc)	2.51%	125,680.718	11.47	18.22	20.57
Franklin Templeton Global Growth and Value – I (Acc)	1.00%	45,503.553	12.60	19.86	22.09
Franklin Templeton Global Growth and Value – I (Acc) – EUR	1.00%	238.773	9.01	12.62	
Franklin Templeton Global Growth and Value – N (Acc)	2.68%	318,609.968	11.45	18.20	20.57
<b>Franklin Templeton Japan Fund – JPY</b>					
Franklin Templeton Japan – A (Acc)	1.88%	14,458,859.232	519.60	834.46	1,258.33
Franklin Templeton Japan – A (Acc) – EUR	1.86%	1,103,652.748	4.10	4.99	7.55
Franklin Templeton Japan – A (Acc) – SGD	1.83%	455,972.492	5.60	7.30	
Franklin Templeton Japan – A (Acc) – USD	1.86%	4,142,903.233	5.73	7.87	10.22
Franklin Templeton Japan – A (Ydis) – EUR	1.90%	4,084.281	4.08	5.01	7.57
Franklin Templeton Japan – A (Ydis) – GBP	1.88%	1,547,255.202	3.93	3.95	5.10
Franklin Templeton Japan – B (Acc) – USD	3.24%	309,887.542	5.60	7.73	10.18
Franklin Templeton Japan – C (Acc) – USD	2.45%	217,261.975	6.59	9.07	11.87
Franklin Templeton Japan – I (Acc) – EUR	0.97%	576,511.530	5.96	7.24	10.84
Franklin Templeton Japan – I (Acc) – USD	0.99%	1,240,334.406	6.90	9.43	12.16
Franklin Templeton Japan – N (Acc) – EUR	2.63%	4,172,973.792	3.82	4.68	7.13
Franklin Templeton Japan – N (Acc) – USD	2.80%	452,023.777	8.18		
<b>Templeton Asian Bond Fund – USD</b>					
Templeton Asian Bond – A (Acc)	1.39%	9,081,573.113	12.26	12.70	12.76
Templeton Asian Bond – A (Acc) – EUR	1.32%	1,165,849.008	10.61	9.76	11.40
Templeton Asian Bond – A (Acc) – EUR hedged (H1)	1.45%	154,908.577	8.93	9.25	
Templeton Asian Bond – A (Mdis)	1.39%	9,791,174.199	10.87	11.58	12.04
Templeton Asian Bond – A (Mdis) – EUR	1.39%	168,426.934	7.80	7.37	8.92
Templeton Asian Bond – A (Mdis) – SGD	1.38%	9,803.168	8.75	8.89	
Templeton Asian Bond – B (Mdis)	2.84%	2,272,379.485	10.86	11.56	12.03
Templeton Asian Bond – C (Mdis)	2.19%	3,408,446.573	10.86	11.56	12.02
Templeton Asian Bond – I (Acc)	0.85%	387,867.396	12.49	12.89	12.88
Templeton Asian Bond – I (Acc) – EUR	0.85%	390.169	8.93	8.19	
Templeton Asian Bond – I (Acc) – EUR hedged (H1)	0.94%	83,537.816	8.07	8.34	
Templeton Asian Bond – I (Mdis) – EUR	0.84%	104,837.648	8.06	7.61	9.21
Templeton Asian Bond – N (Acc)	2.09%	1,044,890.021	12.00	12.47	12.61
Templeton Asian Bond – N (Acc) – EUR	2.09%	241,302.423	10.37	9.58	11.27
Templeton Asian Bond – N (Mdis)	2.09%	410,341.995	10.87	11.57	12.03

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All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2008 (see Note 17)	Shares Outstanding December 31, 2008	December 31, 2008	Net Asset Value per Share June 30, 2008	June 30, 2007
<b>Templeton Asian Growth Fund – USD</b>					
Templeton Asian Growth – A (Acc)	2.30%	80,795,059.528	13.50	24.28	27.46
Templeton Asian Growth – A (Acc) – EUR	2.30%	10,592,030.801	9.64	15.39	20.25
Templeton Asian Growth – A (Acc) – EUR hedged (H1)	2.34%	325,992.269	9.68	17.64	
Templeton Asian Growth – A (Acc) – SGD	2.28%	17,756,101.495	3.67	6.27	
Templeton Asian Growth – A (Ydis)	2.30%	56,534,880.793	12.74	23.09	26.30
Templeton Asian Growth – A (Ydis) – EUR	2.29%	3,005,574.429	9.13	14.69	19.47
Templeton Asian Growth – A (Ydis) – GBP	2.31%	281,406.323	8.73	11.60	13.11
Templeton Asian Growth – B (Acc)	3.50%	1,970,196.895	6.21	11.23	12.86
Templeton Asian Growth – C (Acc)	2.88%	3,432,834.405	11.90	21.48	24.43
Templeton Asian Growth – I (Acc)	1.20%	40,430,501.007	12.90	23.08	25.83
Templeton Asian Growth – I (Acc) – EUR	1.20%	4,973,278.969	9.22	14.65	19.08
Templeton Asian Growth – I (Acc) – EUR hedged (H1)	1.30%	49,447.172	8.21	14.93	
Templeton Asian Growth – N (Acc)	2.80%	7,215,823.093	19.05	34.35	39.04
Templeton Asian Growth – N (Acc) – EUR	2.80%	693,202.053	13.62	21.82	28.85
Templeton Asian Growth – N (Acc) – EUR hedged (H1)	2.87%	90,994.981	13.63	25.02	
<b>Templeton Asian Smaller Companies Fund – USD *</b>					
Templeton Asian Smaller Companies – A (Acc)	2.30%	10,000.000	10.49		
Templeton Asian Smaller Companies – A (Acc) – EUR	2.30%	7,329.498	10.24		
Templeton Asian Smaller Companies – A (Acc) – SGD	2.31%	11,704.400	10.27		
Templeton Asian Smaller Companies – A (Ydis)	2.30%	10,000.000	10.49		
Templeton Asian Smaller Companies – A (Ydis) – GBP	2.30%	5,739.375	12.52		
Templeton Asian Smaller Companies – B (Acc)	3.20%	1,000.000	10.85		
Templeton Asian Smaller Companies – B (Acc) – EUR	3.20%	784.222	9.90		
Templeton Asian Smaller Companies – I (Acc)	1.31%	150,000.000	10.51		
Templeton Asian Smaller Companies – I (Acc) – EUR	1.31%	109,942.470	10.26		
Templeton Asian Smaller Companies – I (Ydis) – GBP	1.31%	86,090.625	12.54		
<b>Templeton BRIC Fund – USD</b>					
Templeton BRIC – A (Acc)	2.50%	66,207,188.903	9.47	20.91	19.40
Templeton BRIC – A (Acc) – EUR	2.50%	10,020,174.261	8.19	16.06	17.34
Templeton BRIC – A (Acc) – EUR hedged (H1)	2.60%	277,387.218	6.68	15.05	
Templeton BRIC – A (Acc) – SGD	2.49%	330,986.998	3.73	7.82	
Templeton BRIC – A (Ydis) – EUR	2.50%	144,804.629	11.98	23.49	25.47
Templeton BRIC – A (Ydis) – GBP	2.50%	342,611.299	11.49	18.59	17.16
Templeton BRIC – B (Acc)	3.74%	7,672,616.315	9.10	20.23	19.01
Templeton BRIC – C (Acc)	3.09%	4,842,055.075	9.29	20.58	19.21
Templeton BRIC – I (Acc)	1.40%	5,408,354.879	9.80	21.52	19.75
Templeton BRIC – I (Acc) – EUR	1.40%	64,386.248	7.01	13.67	
Templeton BRIC – I (Acc) – EUR hedged (H1)	1.47%	52,100.714	6.22	13.91	
Templeton BRIC – I (Ydis) – EUR	1.40%	322.581	6.96	13.67	
Templeton BRIC – N (Acc)	3.00%	5,249,630.685	9.32	20.63	19.24
Templeton BRIC – N (Acc) – EUR	3.00%	5,471,105.669	8.06	15.85	17.20
<b>Templeton China Fund – USD</b>					
Templeton China – A (Acc)	2.54%	24,298,924.614	13.63	20.31	20.25
Templeton China – A (Acc) – SGD	2.52%	1,467,731.464	4.81	6.80	
Templeton China – A (Ydis) – EUR	2.54%	369,454.092	9.63	12.80	14.90
Templeton China – A (Ydis) – GBP	2.54%	71,479.701	9.19	10.09	10.03
Templeton China – C (Acc)	3.12%	832,221.934	10.01	14.95	15.01
Templeton China – I (Acc)	1.40%	1,023,518.140	15.32	22.68	22.39
Templeton China – N (Acc)	3.04%	1,934,110.273	13.83	20.65	20.71

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2008 (see Note 17)	Shares Outstanding December 31, 2008	December 31, 2008	Net Asset Value per Share June 30, 2008	June 30, 2007
<b>Templeton Eastern Europe Fund – EUR</b>					
Templeton Eastern Europe – A (Acc)	2.63%	18,138,250.168	12.70	27.55	37.27
Templeton Eastern Europe – A (Acc) – SGD	2.67%	2,659.422	3.16	7.33	
Templeton Eastern Europe – A (Acc) – USD	2.63%	1,888,613.494	17.76	43.38	50.43
Templeton Eastern Europe – A (Ydis)	2.64%	89,270.745	12.56	27.25	37.09
Templeton Eastern Europe – A (Ydis) – GBP	2.64%	14,402.710	12.00	21.48	25.00
Templeton Eastern Europe – B (Acc) – USD	3.93%	537,116.579	4.33	10.65	12.53
Templeton Eastern Europe – B (Ydis)	3.74%	177,533.914	3.08	6.72	9.26
Templeton Eastern Europe – C (Acc)	3.21%	11,732.900	5.17	11.25	15.31
Templeton Eastern Europe – C (Acc) – USD	3.21%	641,985.478	5.97	14.63	17.11
Templeton Eastern Europe – I (Acc)	1.40%	1,763,113.703	8.54	18.41	24.60
Templeton Eastern Europe – N (Acc)	3.13%	1,759,109.206	12.09	26.31	35.76
<b>Templeton Emerging Markets Fund – USD</b>					
Templeton Emerging Markets – A (Acc)	2.61%	12,037,696.811	20.00	35.50	37.98
Templeton Emerging Markets – A (Acc) – SGD	2.59%	3,721,664.015	4.46	7.51	
Templeton Emerging Markets – A (Ydis)	2.60%	11,031,999.441	19.49	34.59	37.27
Templeton Emerging Markets – B (Acc)	3.90%	3,575,142.196	10.30	18.41	19.94
Templeton Emerging Markets – C (Acc)	3.18%	870,641.924	17.55	31.24	33.62
Templeton Emerging Markets – I (Acc)	1.40%	11,941,994.210	12.30	21.69	22.94
Templeton Emerging Markets – N (Acc)	3.11%	2,434,871.263	11.07	19.69	21.17
Templeton Emerging Markets – N (Acc) – EUR	3.11%	1,317,918.739	7.92	12.51	15.65
<b>Templeton Emerging Markets Bond Fund – USD</b>					
Templeton Emerging Markets Bond – A (Qdis)	1.97%	26,870,931.606	13.51	17.31	17.75
Templeton Emerging Markets Bond – A (Qdis) – EUR	1.97%	1,072,065.620	9.67	11.00	13.12
Templeton Emerging Markets Bond – B (Qdis)	3.28%	11,207,564.453	12.22	15.65	16.05
Templeton Emerging Markets Bond – C (Acc)	2.55%	1,146,376.185	14.65	18.23	17.78
Templeton Emerging Markets Bond – I (Acc)	1.00%	2,457,123.820	12.15	14.99	14.40
Templeton Emerging Markets Bond – I (Qdis)	0.98%	2,132,320.333	10.58	13.56	13.90
Templeton Emerging Markets Bond – N (Acc)	2.47%	1,753,926.184	17.66	21.96	21.40
<b>Templeton Emerging Markets Smaller Companies Fund – USD</b>					
Templeton Emerging Markets Smaller Companies – A (Acc)	2.49%	28,298,987.104	3.77	7.59	
Templeton Emerging Markets Smaller Companies – A (Acc) – EUR	2.48%	2,071,624.161	3.85	6.89	
Templeton Emerging Markets Smaller Companies – A (Ydis)	2.48%	471,698.319	3.76	7.59	
Templeton Emerging Markets Smaller Companies – A (Ydis) – GBP	2.49%	331,667.114	5.26	7.79	
Templeton Emerging Markets Smaller Companies – C (Acc)	3.10%	2,462.810	4.16	8.41	
Templeton Emerging Markets Smaller Companies – I (Acc)	1.40%	596,570.640	3.82	7.65	
Templeton Emerging Markets Smaller Companies – I (Acc) – EUR	1.40%	58,249.367	3.90	6.94	
Templeton Emerging Markets Smaller Companies – N (Acc)	3.00%	118,153.373	3.75	7.57	
<b>Templeton Euro Liquid Reserve Fund – EUR</b>					
Templeton Euro Liquid Reserve – A (Acc)	0.66%	5,385,832.734	5.38	5.46	5.32
Templeton Euro Liquid Reserve – A (Ydis)	0.66%	6,092,788.421	4.42	4.67	4.66
Templeton Euro Liquid Reserve – I (Acc)	0.41%	320.061	9.86	10.00	
Templeton Euro Liquid Reserve – N (Acc)	1.56%	2,990,604.444	10.53	10.75	10.56
<b>Templeton Euroland Fund – EUR</b>					
Templeton Euroland – A (Acc)	1.91%	9,576,181.327	10.45	14.37	21.04
Templeton Euroland – A (Ydis)	1.91%	53,042.601	10.14	14.20	21.03
Templeton Euroland – B (Acc) – USD	3.22%	65,643.789	6.44	10.03	12.78
Templeton Euroland – B (Ydis)	3.22%	1,105.628	4.52	6.31	9.45
Templeton Euroland – C (Acc)	2.49%	12,975.237	6.96	9.59	14.13
Templeton Euroland – C (Acc) – USD	2.51%	2,665.372	9.73	15.11	19.13
Templeton Euroland – I (Acc)	0.99%	3,314,357.800	9.11	12.46	18.09
Templeton Euroland – I (Ydis)	0.99%	70,000.000	8.70	12.27	18.09
Templeton Euroland – N (Acc)	2.66%	1,597,592.475	6.49	8.96	13.22

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2008 (see Note 17)	Shares Outstanding December 31, 2008	December 31, 2008	Net Asset Value per Share June 30, 2008	June 30, 2007
<b>Templeton Euroland Bond Fund – EUR</b>					
Templeton Euroland Bond – A (Ydis)	1.35%	780,195.964	9.44	9.49	9.73
Templeton Euroland Bond – I (Acc)	0.73%	837,293.211	11.08	10.77	10.71
Templeton Euroland Bond – N (Acc)	2.05%	613,885.940	10.51	10.28	10.36
<b>Templeton European Fund – EUR</b>					
Templeton European – A (Acc)	1.89%	3,552,033.788	10.83	14.59	21.36
Templeton European – A (Acc) – SGD	1.87%	237,385.881	5.22	7.52	
Templeton European – A (Acc) – USD	1.89%	1,807,871.642	15.13	22.95	28.87
Templeton European – A (Ydis)	1.89%	36,253.610	9.94	13.68	20.20
Templeton European – A (Ydis) – USD	1.89%	4,700,045.936	13.99	21.67	27.47
Templeton European – C (Acc)	2.43%	1,750.000	6.83	9.23	13.58
Templeton European – C (Acc) – USD	2.48%	44,611.157	9.55	14.53	18.39
Templeton European – I (Acc)	1.00%	3,416,855.900	8.87	11.87	17.26
Templeton European – N (Acc)	2.64%	272,630.726	10.34	13.98	20.62
Templeton European – N (Acc) – USD	2.64%	209,689.246	14.49	22.06	27.97
<b>Templeton European Total Return Fund – EUR</b>					
Templeton European Total Return – A (Acc)	1.10%	3,699,842.760	9.14	10.91	11.47
Templeton European Total Return – A (Mdis)	1.10%	2,438,393.283	7.63	9.33	10.19
Templeton European Total Return – A (Mdis) – USD	1.10%	433,476.615	10.69	14.73	13.81
Templeton European Total Return – A (Ydis)	1.10%	13,775.922	7.79	9.66	
Templeton European Total Return – C (Acc)	1.90%	7,300.000	7.89	9.46	10.02
Templeton European Total Return – C (Mdis) – USD	1.90%	122,240.757	8.36	11.51	10.80
Templeton European Total Return – I (Acc)	0.84%	20,114.506	8.77	10.44	10.95
Templeton European Total Return – I (Mdis)	0.82%	26,956.516	7.98	9.75	10.64
Templeton European Total Return – I (Ydis)	0.85%	471.698	8.14	10.11	
Templeton European Total Return – N (Acc)	1.79%	4,934,091.730	8.80	10.55	11.16
Templeton European Total Return – N (Mdis)	1.80%	301.395	8.65	10.55	
<b>Templeton Frontier Markets Fund – USD *</b>					
Templeton Frontier Markets – A (Acc)	2.64%	10,000.000	9.62		
Templeton Frontier Markets – A (Acc) – EUR	2.64%	6,217.630	9.39		
Templeton Frontier Markets – A (Acc) – SGD	2.64%	13,899.778	9.42		
Templeton Frontier Markets – A (Ydis)	2.64%	9,044.213	9.62		
Templeton Frontier Markets – A (Ydis) – GBP	2.63%	4,591.500	11.48		
Templeton Frontier Markets – B (Acc)	3.82%	1,000.000	9.06		
Templeton Frontier Markets – B (Acc) – EUR	3.82%	784.222	8.27		
Templeton Frontier Markets – C (Acc)	3.10%	1,000.000	9.07		
Templeton Frontier Markets – I (Acc)	1.62%	108,575.109	9.64		
Templeton Frontier Markets – I (Acc) – EUR	1.60%	36,647.490	9.41		
Templeton Frontier Markets – I (Ydis) – GBP	1.60%	28,696.875	11.50		
Templeton Frontier Markets – N (Acc) – EUR	3.14%	3,664.749	9.38		
Templeton Frontier Markets – N (Acc) – EUR hedged (H1)	3.15%	219,884.940	9.44		
<b>Templeton Global Fund – USD</b>					
Templeton Global – A (Acc)	1.90%	8,737,783.604	19.70	30.03	36.26
Templeton Global – A (Acc) – SGD	1.88%	4,983,209.984	5.31	7.68	
Templeton Global – A (Ydis)	1.90%	23,425,422.676	18.47	28.57	34.70
Templeton Global – B (Acc)	3.20%	3,389,245.087	12.78	19.61	23.97
Templeton Global – C (Acc)	2.48%	1,453,355.249	11.69	17.87	21.71
Templeton Global – I (Acc)	0.99%	23,406,629.127	10.69	16.21	19.40
Templeton Global – N (Acc)	2.64%	2,689,454.932	13.38	20.47	24.91

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2008 (see Note 17)	Shares Outstanding December 31, 2008	December 31, 2008	Net Asset Value per Share June 30, 2008	June 30, 2007
<b>Templeton Global (Euro) Fund – EUR</b>					
Templeton Global (Euro) – A (Acc)	1.91%	3,368,546.508	9.31	12.30	17.48
Templeton Global (Euro) – A (Ydis)	1.91%	43,975,782.099	8.81	11.82	16.91
Templeton Global (Euro) – B (Acc) – USD	3.25%	749.252	6.43	9.64	11.92
Templeton Global (Euro) – I (Acc)	0.97%	2,183,709.353	8.53	11.22	15.80
Templeton Global (Euro) – I (Acc) – hedged (H2)	0.97%	1,517,646.937	9.05	12.06	15.85
Templeton Global (Euro) – N (Acc)	2.66%	304,707.334	8.08	10.71	15.34
<b>Templeton Global Balanced Fund – USD</b>					
Templeton Global Balanced – A (Acc)	1.77%	5,478,224.012	16.86	21.55	23.79
Templeton Global Balanced – A (Acc) – EUR	1.75%	732,073.915	12.06	13.69	17.58
Templeton Global Balanced – A (Acc) – EUR hedged (H1)	1.75%	65,904.699	12.15	15.61	
Templeton Global Balanced – A (Acc) – SGD	1.72%	28,904,570.618	6.87	8.33	
Templeton Global Balanced – A (Qdis)	1.75%	15,785,298.514	15.03	19.48	21.87
Templeton Global Balanced – B (Acc)	3.06%	10,338,752.882	11.65	14.98	16.75
Templeton Global Balanced – C (Qdis)	2.33%	4,005,906.108	8.84	11.45	12.86
Templeton Global Balanced – I (Acc)	0.90%	415,767.407	8.86	11.27	12.35
Templeton Global Balanced – I (Acc) – EUR hedged (H1)	0.92%	86,034.621	5.71	7.29	
Templeton Global Balanced – N (Acc) – EUR	2.25%	1,154,845.227	8.81	10.02	12.94
Templeton Global Balanced – N (Acc) – EUR hedged (H1)	2.25%	136,507.000	6.53	8.39	
<b>Templeton Global Bond Fund – USD</b>					
Templeton Global Bond – A (Acc)	1.45%	44,530,082.101	18.96	17.88	16.77
Templeton Global Bond – A (Acc) – EUR	1.45%	26,156,080.632	13.56	11.35	12.40
Templeton Global Bond – A (Acc) – EUR hedged (H1)	1.45%	17,172,160.987	13.94	13.04	12.39
Templeton Global Bond – A (Mdis)	1.45%	195,932,125.821	16.30	15.68	15.25
Templeton Global Bond – A (Mdis) – EUR	1.45%	22,326,027.541	11.67	9.97	11.29
Templeton Global Bond – A (Mdis) – GBP	1.46%	3,368,484.111	11.18	7.88	7.61
Templeton Global Bond – A (Mdis) – GBP hedged (H1)	1.45%	407,903.369	8.34	7.85	
Templeton Global Bond – A (Mdis) – SGD	1.35%	5,619,161.184	10.10	9.23	
Templeton Global Bond – A (Mdis) – EUR hedged (H1)	1.45%	286,948.470	10.68	10.13	
Templeton Global Bond – A (Mdis) – SGD hedged (H1)	1.49%	1,377,572.568	10.27	9.97	
Templeton Global Bond – A (Ydis) – EUR	1.35%	330,369.300	11.86	10.30	
Templeton Global Bond – AX (Acc)	1.65%	32,456,516.705	14.51	13.69	12.87
Templeton Global Bond – B (Mdis)	2.96%	50,149,688.317	17.07	16.42	15.98
Templeton Global Bond – C (Mdis)	2.23%	46,593,733.517	12.51	12.03	11.71
Templeton Global Bond – I (Acc)	0.85%	28,447,032.336	15.18	14.27	13.31
Templeton Global Bond – I (Acc) – EUR	0.85%	10,684,062.831	10.78	9.00	9.76
Templeton Global Bond – I (Acc) – EUR hedged (H1)	0.94%	1,879,411.387	11.13	10.29	
Templeton Global Bond – I (Mdis) – EUR	0.85%	3,394,181.413	9.78	8.35	9.45
Templeton Global Bond – I (Ydis) – EUR	0.85%	1,187,596.517	9.98	8.68	
Templeton Global Bond – N (Acc)	2.15%	21,632,997.112	19.36	18.31	17.30
Templeton Global Bond – N (Acc) – EUR	2.15%	222,923.123	13.84	11.63	12.78
Templeton Global Bond – N (Acc) – EUR hedged (H1)	2.15%	25,972,007.676	14.23	13.38	12.78
Templeton Global Bond – N (Mdis) – EUR hedged (H1)	2.15%	54,615.788	12.51	11.84	
<b>Templeton Global Bond (Euro) Fund – EUR</b>					
Templeton Global Bond (Euro) – A (Acc)	1.35%	5,237,620.723	11.48	10.65	11.19
Templeton Global Bond (Euro) – A (Ydis)	1.34%	2,490,254.096	9.55	9.37	10.25
Templeton Global Bond (Euro) – B (Acc) – USD	3.02%	9,868.085	11.11	11.70	10.72
Templeton Global Bond (Euro) – I (Acc)	0.85%	1,038,424.003	11.33	10.48	10.96
Templeton Global Bond (Euro) – N (Acc)	2.05%	5,965,232.791	11.06	10.30	10.90

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2008 (see Note 17)	Shares Outstanding December 31, 2008	December 31, 2008	Net Asset Value per Share June 30, 2008	June 30, 2007
<b>Templeton Global Equity Income Fund – USD</b>					
Templeton Global Equity Income – A (Acc)	1.50%	2,598,492.916	7.97	11.46	14.78
Templeton Global Equity Income – A (Acc) – EUR	1.50%	88,337.055	7.17	9.15	13.73
Templeton Global Equity Income – A (Qdis)	1.50%	7,025,736.615	7.30	10.72	14.17
Templeton Global Equity Income – A (Qdis) – SGD	1.50%	4,599,428.307	5.08	7.11	
Templeton Global Equity Income – B (Qdis)	2.74%	1,156,925.316	7.25	10.66	14.11
Templeton Global Equity Income – C (Qdis)	2.10%	122,172.513	7.27	10.67	14.14
Templeton Global Equity Income – I (Acc)	1.00%	1,015.000	8.11	11.64	14.94
Templeton Global Equity Income – I (Qdis) – JPY	1.00%	12,596.456	706.45	1,218.88	
Templeton Global Equity Income – N (Acc)	2.25%	108,622.436	7.75	11.19	14.54
<b>Templeton Global High Yield Fund – USD</b>					
Templeton Global High Yield – A (Acc)	1.64%	104,097.852	7.82	9.91	
Templeton Global High Yield – A (Acc) – EUR	1.64%	105,463.052	5.59	6.29	
Templeton Global High Yield – A (Mdis)	1.64%	109,713.524	7.26	9.53	
Templeton Global High Yield – A (Mdis) – EUR	1.64%	126,652.222	5.20	6.05	
Templeton Global High Yield – A (Mdis) – GBP	1.64%	104,402.505	4.98	4.79	
Templeton Global High Yield – I (Acc)	0.84%	99,929.000	7.90	9.97	
Templeton Global High Yield – I (Acc) – EUR	0.84%	99,929.000	5.65	6.33	
Templeton Global High Yield – N (Acc) – EUR	2.16%	12,679.992	5.55	6.27	
<b>Templeton Global Income Fund – USD</b>					
Templeton Global Income – A (Acc)	1.50%	3,280,931.877	10.53	12.46	13.83
Templeton Global Income – A (Acc) – EUR	1.50%	167,732.037	9.48	9.96	12.86
Templeton Global Income – A (Qdis)	1.50%	3,909,060.019	9.33	11.40	13.07
Templeton Global Income – B (Qdis)	2.74%	703,548.500	9.29	11.34	12.99
Templeton Global Income – C (Qdis)	2.10%	611,484.624	9.30	11.36	13.00
Templeton Global Income – I (Acc)	0.90%	499,789.852	10.75	12.68	13.99
Templeton Global Income – N (Acc)	2.00%	648,773.298	10.33	12.25	13.66
<b>Templeton Global Smaller Companies Fund – USD</b>					
Templeton Global Smaller Companies – A (Acc)	1.94%	1,756,820.688	17.40	31.71	44.54
Templeton Global Smaller Companies – A (Acc) – SGD	1.93%	928,248.102	4.08	7.07	
Templeton Global Smaller Companies – A (Ydis)	1.94%	3,106,191.734	16.78	30.83	43.40
Templeton Global Smaller Companies – B (Acc)	3.25%	2,802.918	4.99	9.15	13.02
Templeton Global Smaller Companies – C (Acc) – EUR	2.51%	1,284.000	5.01	8.14	13.41
Templeton Global Smaller Companies – C (Ydis)	2.52%	34,064.242	7.08	12.95	18.30
Templeton Global Smaller Companies – I (Acc)	0.99%	990,969.590	7.47	13.54	18.86
Templeton Global Smaller Companies – N (Acc)	2.69%	323,767.395	12.14	22.21	31.43
<b>Templeton Global Total Return Fund – USD</b>					
Templeton Global Total Return – A (Acc)	1.35%	42,434,620.259	15.54	15.99	15.45
Templeton Global Total Return – A (Acc) – EUR	1.35%	2,468,931.188	11.10	10.15	11.41
Templeton Global Total Return – A (Acc) – EUR hedged (H1)	1.45%	8,806,621.352	11.34	11.72	11.46
Templeton Global Total Return – A (Acc) – PLN hedged (H1)	1.45%	1,968,292.327	40.30	41.07	
Templeton Global Total Return – A (Mdis)	1.35%	40,549,961.427	12.31	13.02	13.16
Templeton Global Total Return – A (Mdis) – EUR	1.35%	2,021,978.567	8.83	8.30	9.76
Templeton Global Total Return – A (Mdis) – GBP	1.35%	679,888.282	8.46	6.56	6.58
Templeton Global Total Return – A (Mdis) – GBP hedged (H1)	1.45%	2,349,743.772	6.21	6.52	
Templeton Global Total Return – A (Mdis) – SGD	1.35%	552,350.752	8.96	9.00	
Templeton Global Total Return – A (Mdis) – EUR hedged (H1)	1.24%	133,572.637	8.06	8.42	
Templeton Global Total Return – A (Ydis) – EUR	1.35%	249,204.906	9.01	8.62	
Templeton Global Total Return – B (Acc)	2.79%	2,195,397.342	14.38	14.92	14.62
Templeton Global Total Return – B (Mdis)	2.80%	2,613,075.663	12.29	13.00	13.14
Templeton Global Total Return – C (Mdis)	1.90%	4,724,175.260	10.96	11.59	11.71
Templeton Global Total Return – I (Acc)	0.85%	16,728,130.624	14.21	14.59	14.03
Templeton Global Total Return – I (Acc) – EUR	0.85%	887,885.976	10.17	9.27	10.37
Templeton Global Total Return – I (Acc) – EUR hedged (H1)	0.91%	2,873,225.397	10.05	10.43	
Templeton Global Total Return – I (Mdis) – CHF	0.85%	1,684.000	12.89	13.05	15.77
Templeton Global Total Return – I (Mdis) – EUR	0.85%	767,629.779	8.68	8.15	9.58
Templeton Global Total Return – I (Ydis) – EUR	0.68%	1,027.813	8.90	8.53	
Templeton Global Total Return – N (Acc)	2.04%	14,056,140.481	14.97	15.46	15.05
Templeton Global Total Return – N (Acc) – EUR	2.05%	468,058.830	10.69	9.81	11.11
Templeton Global Total Return – N (Acc) – EUR hedged (H1)	2.15%	10,653,688.546	10.85	11.24	11.07
Templeton Global Total Return – N (Mdis) – EUR hedged (H1)	2.15%	64,099.206	9.58	9.99	

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All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2008 (see Note 17)	Shares Outstanding December 31, 2008	December 31, 2008	Net Asset Value per Share June 30, 2008	June 30, 2007
<b>Templeton Growth (Euro) Fund – EUR</b>					
Templeton Growth (Euro) – A (Acc)	1.91%	435,691,185.167	6.82	8.96	12.95
Templeton Growth (Euro) – A (Acc) – USD	1.92%	19,822,757.845	9.55	14.12	
Templeton Growth (Euro) – A (Ydis)	1.91%	22,056,359.392	7.30	9.67	14.03
Templeton Growth (Euro) – A (Ydis) – USD	1.91%	2,585,805.497	10.18	15.20	18.99
Templeton Growth (Euro) – B (Ydis)	3.23%	27,168.116	5.17	6.84	10.03
Templeton Growth (Euro) – C (Acc)	2.49%	3,126.263	5.75	7.57	11.00
Templeton Growth (Euro) – I (Acc)	0.97%	7,142,539.352	7.24	9.46	13.55
Templeton Growth (Euro) – I (Ydis)	0.98%	9,990,558.130	6.87	9.16	13.28
Templeton Growth (Euro) – I (Ydis) – USD	0.98%	1,434,007.745	9.64	14.48	18.04
Templeton Growth (Euro) – N (Acc)	2.66%	3,106,623.461	6.37	8.40	12.23
<b>Templeton Korea Fund – USD</b>					
Templeton Korea – A (Acc)	2.67%	10,716,596.472	3.22	5.91	7.39
Templeton Korea – A (Acc) – SGD	2.64%	5,233,271.311	3.97	6.91	
Templeton Korea – C (Acc)	3.24%	23,225.980	5.67	10.41	13.10
Templeton Korea – I (Acc)	1.40%	585,228.583	5.91	10.75	13.29
Templeton Korea – N (Acc)	3.16%	237,738.931	8.91	16.37	20.58
<b>Templeton Latin America Fund – USD</b>					
Templeton Latin America – A (Acc)	2.36%	4,584,825.580	41.53	89.98	75.23
Templeton Latin America – A (Acc) – SGD	2.33%	2,998,203.323	4.85	9.99	
Templeton Latin America – A (Ydis)	2.36%	17,389,400.351	39.07	84.82	71.44
Templeton Latin America – A (Ydis) – EUR	2.36%	214,387.558	27.94	53.88	52.79
Templeton Latin America – A (Ydis) – GBP	2.35%	22,015.284	26.90	42.81	35.77
Templeton Latin America – B (Acc)	3.65%	2,830,822.239	8.25	18.00	15.24
Templeton Latin America – C (Acc)	2.94%	771,411.168	8.38	18.21	15.32
Templeton Latin America – I (Acc)	1.30%	16,238,572.745	12.37	26.66	22.07
Templeton Latin America – N (Acc)	2.85%	2,528,637.178	22.17	48.17	40.48
<b>Templeton Thailand Fund – USD</b>					
Templeton Thailand – A (Acc)	2.57%	11,142,001.917	6.07	11.03	10.96
Templeton Thailand – A (Acc) – SGD	2.56%	1,722,519.721	4.89	8.44	
Templeton Thailand – B (Acc)	3.87%	137,598.734	6.37	11.65	11.72
Templeton Thailand – I (Acc)	1.40%	500.000	5.39	9.74	
Templeton Thailand – N (Acc)	3.06%	277,600.376	7.83	14.27	14.26
<b>Templeton U.S. Dollar Liquid Reserve Fund – USD</b>					
Templeton U.S. Dollar Liquid Reserve – A (Acc)	0.62%	4,880,899.426	11.69	11.63	11.28
Templeton U.S. Dollar Liquid Reserve – A (Mdis)	0.61%	12,334,556.616	9.77	9.78	9.81
Templeton U.S. Dollar Liquid Reserve – B (Mdis)	1.67%	6,458,071.759	9.83	9.86	9.88
Templeton U.S. Dollar Liquid Reserve – C (Acc)	1.59%	2,305,905.992	10.77	10.77	10.55
Templeton U.S. Dollar Liquid Reserve – I (Acc)	0.35%	500.000	10.07	10.01	
Templeton U.S. Dollar Liquid Reserve – N (Acc)	1.51%	2,522,515.367	11.29	11.28	11.04

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2008 (see Note 17)	Shares Outstanding December 31, 2008	December 31, 2008	Net Asset Value per Share	
				June 30, 2008	June 30, 2007
<b>Templeton U.S. Value Fund – USD</b>					
Templeton U.S. Value – A (Acc)	1.92%	901,895.502	7.63	11.61	16.30
Templeton U.S. Value – A (Acc) – EUR	1.91%	5,742.604	5.46	7.38	12.04
Templeton U.S. Value – A (Acc) – EUR hedged (H1)	1.95%	67,901.414	5.48	8.49	
Templeton U.S. Value – A (Ydis) – EUR	1.92%	846.209	5.40	7.29	12.04
Templeton U.S. Value – A (Ydis) – GBP	2.13%	1,584.202	5.17	5.77	8.11
Templeton U.S. Value – B (Acc)	3.26%	218,761.359	7.13	10.92	15.53
Templeton U.S. Value – C (Acc)	2.49%	86,220.104	7.38	11.25	15.89
Templeton U.S. Value – I (Acc)	1.00%	346.981	7.47	11.30	16.78
Templeton U.S. Value – I (Acc) – EUR	0.98%	407.830	5.70	7.66	12.40
Templeton U.S. Value – I (Acc) – EUR hedged (H1)	1.01%	81,477.932	4.72	7.32	
Templeton U.S. Value – I (Ydis) – GBP	0.97%	609.756	5.36	5.97	8.35
Templeton U.S. Value – N (Acc)	2.67%	194,556.974	7.33	11.19	15.84

\*These funds were launched during the current year.

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2008

	TOTAL (USD)	Franklin Asian Flex Cap Fund (USD)	Franklin Biotechnology Discovery Fund (USD)	Franklin Euroland Core Fund* (EUR)	Franklin European Growth Fund (EUR)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	61,534,169,144	36,332,132	53,201,179	–	17,635,809
Currency translation adjustment	(2,030,394,436)	–	–	–	–
	<b>59,503,774,708</b>	<b>36,332,132</b>	<b>53,201,179</b>	<b>–</b>	<b>17,635,809</b>
<b>INCOME</b>					
Dividends (net of withholding taxes)	299,280,921	411,194	14,530	27,897	202,211
Interest on bonds (net of withholding taxes)	639,449,972	–	60,409	–	–
Bank interest	17,823,089	12,158	–	6,582	16,397
Securities lending	58,925,079	–	–	–	–
Sundry income	3,879,237	–	889	–	6,086
<b>TOTAL INCOME</b>	<b>1,019,358,298</b>	<b>423,352</b>	<b>75,828</b>	<b>34,479</b>	<b>224,694</b>
<b>EXPENSES</b>					
Investment management fees (note 3)	231,360,956	129,637	356,500	10,406	77,120
Administration and transfer agency fees	59,371,823	60,758	177,650	2,729	27,657
Subscription tax (note 10)	9,630,557	4,663	19,921	252	3,687
Custodian fees	12,513,278	10,387	1,866	726	2,382
Audit, printing and publishing expenses	4,903,037	3,057	5,965	187	1,604
Bank charges	1,614,519	108	–	–	–
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	73,336,343	29,891	156,281	1,275	29,759
Class AX(acc) shares' maintenance charges (note 13)	1,536,652	–	–	–	–
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	22,049,112	90,884	32,885	–	–
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	7,557,371	175	5,490	–	–
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	20,162,415	4,183	22,693	419	15,697
Other charges	13,832,635	5,958	11,814	433	–
<b>TOTAL EXPENSES</b>	<b>457,868,698</b>	<b>339,701</b>	<b>791,065</b>	<b>16,427</b>	<b>157,906</b>
Expenses reimbursement (note 16)	(4,192,891)	(23,875)	(25)	(631)	(91)
<b>NET EXPENSES</b>	<b>453,675,807</b>	<b>315,826</b>	<b>791,040</b>	<b>15,796</b>	<b>157,815</b>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	<b>565,682,491</b>	<b>107,526</b>	<b>(715,212)</b>	<b>18,683</b>	<b>66,879</b>
Net realised profit/(loss) on sale of investments	(4,632,505,686)	(6,297,755)	(1,259,032)	(1,746)	(1,597,756)
Net realised profit/(loss) on forward foreign exchange contracts	(378,458,508)	–	–	–	–
Net realised profit/(loss) on financial futures contracts	(2,420,969)	–	–	–	–
Net realised profit/(loss) on options contracts	273,690,990	–	–	–	–
Net realised profit/(loss) on credit default swaps	10,612	–	–	–	–
Net realised profit/(loss) on interest rate swaps	(859,358)	–	–	–	–
Net realised profit/(loss) on foreign exchange transactions	431,625,086	(79,257)	2,851	(31,305)	(10,038)
Capital gains tax paid	(7,443)	–	–	–	–
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(3,743,242,785)</b>	<b>(6,269,486)</b>	<b>(1,971,393)</b>	<b>(14,368)</b>	<b>(1,540,915)</b>
Change in net unrealised appreciation/(depreciation) on:					
Investments	(11,407,878,338)	(5,195,130)	(5,847,488)	167,333	(3,265,969)
Forward foreign exchange contracts	1,613,412,872	–	–	–	–
Financial futures contracts	(164,484)	–	–	–	–
Options contracts	(28,302,664)	–	–	–	–
Credit default swaps	(697,232)	–	–	–	–
Interest rate swaps	160,633,186	–	–	–	–
Foreign exchange transactions	2,717,784	(426)	19	(3,254)	(2,471)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<b>(13,403,521,661)</b>	<b>(11,465,042)</b>	<b>(7,818,862)</b>	<b>149,711</b>	<b>(4,809,355)</b>
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	15,379,139,368	14,352,213	57,248,760	16,249,173	10,572,986
Redemption of shares	(20,574,383,764)	(18,924,108)	(37,696,861)	–	(9,947,398)
Issue of shares in course of merger	47,323,575	–	–	–	–
Redemption of shares in course of merger	(45,937,076)	–	–	–	–
Equalisation (note 12)	(21,401,855)	(26,165)	–	67	8,324
	<b>(5,215,259,752)</b>	<b>(4,598,060)</b>	<b>19,551,899</b>	<b>16,249,240</b>	<b>633,912</b>
Dividends paid/accumulated (note 18)	(818,285,631)	(62,352)	(126,746)	–	(6,137)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	<b>(6,033,545,383)</b>	<b>(4,660,412)</b>	<b>19,425,153</b>	<b>16,249,240</b>	<b>627,775</b>
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<b>40,066,707,664</b>	<b>20,206,678</b>	<b>64,807,470</b>	<b>16,398,951</b>	<b>13,454,229</b>
Portfolio Turnover Ratio (note 21)		53.13%	5.44%	2.52%	11.51%

\*This Fund was launched on November 28, 2008

The accompanying notes form an integral

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2008 (CONTINUED)

Franklin European Small-Mid Cap Growth Fund (EUR)	Franklin Global Growth Fund (USD)	Franklin Global Real Estate (Euro) Fund (EUR)	Franklin Global Real Estate (USD) Fund (USD)	Franklin Global Small-Mid Cap Growth Fund (USD)	Franklin High Yield Fund (USD)	Franklin High Yield (Euro) Fund (EUR)
45,036,706	36,397,878	30,939,109	38,398,156	20,482,747	1,944,931,904	254,682,797
-	-	-	-	-	-	-
45,036,706	36,397,878	30,939,109	38,398,156	20,482,747	1,944,931,904	254,682,797
466,231	293,054	520,940	668,512	187,934	-	-
-	-	-	-	-	73,878,534	10,411,246
32,125	8,109	24,683	17,194	6,660	192,910	225,434
-	-	-	-	-	-	-
-	1,442	99	-	451	562,494	17,124
498,356	302,605	545,722	685,706	195,045	74,633,938	10,653,804
157,683	141,692	116,236	159,341	80,514	5,816,634	706,925
63,953	47,691	37,658	49,006	30,457	1,706,543	219,697
6,484	5,699	4,889	7,002	3,858	333,261	35,592
5,237	4,297	2,108	2,583	2,289	46,410	11,747
3,845	3,039	2,945	3,404	1,619	155,053	21,311
1,699	176	758	34	-	4,017	-
57,917	56,259	42,862	57,916	32,074	2,526,520	136,298
-	-	-	-	-	-	-
5,758	-	-	10,416	11,709	1,134,099	-
-	-	-	19,457	-	30,228	-
30,969	24,415	17,469	11,243	12,328	55,742	320,959
8,664	5,912	5,803	6,666	3,169	303,575	58,539
342,209	289,180	230,728	327,068	178,017	12,112,082	1,511,068
(676)	(451)	(2,669)	(680)	-	(29,405)	(6,974)
341,533	288,729	228,059	326,388	178,017	12,082,677	1,504,094
156,823	13,876	317,663	359,318	17,028	62,551,261	9,149,710
(7,333,340)	(7,392,124)	(9,227,502)	(11,319,922)	(1,867,306)	(115,434,631)	(21,306,409)
-	-	1,920,568	(2,675,771)	-	-	2,479,132
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(19,992)	40,960	(3,937,990)	5,315,455	6,095	(517,347)	(4,875,547)
-	-	-	-	-	-	-
(7,196,509)	(7,337,288)	(10,927,261)	(8,320,920)	(1,844,183)	(53,400,717)	(14,553,114)
(4,374,292)	(10,880,347)	440,000	(5,191,513)	(4,859,231)	(373,525,531)	(50,090,715)
-	-	(44,186)	163,069	-	124,608	439,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
441	(681)	(21,195)	(2,267)	1,004	124,619	(2,265)
(11,570,360)	(18,218,316)	(10,552,642)	(13,351,631)	(6,702,410)	(426,677,021)	(64,207,094)
11,144,204	15,910,210	2,705,529	9,509,114	4,270,536	196,382,683	43,232,541
(17,737,117)	(16,758,507)	(6,469,698)	(10,315,073)	(3,742,084)	(618,797,046)	(71,597,311)
-	-	-	-	-	-	-
(13,822)	(20,200)	(27,950)	(4,447)	-	(2,072,877)	(529,620)
(6,606,735)	(868,497)	(3,792,119)	(810,406)	528,452	(424,487,240)	(28,894,390)
(120,349)	-	(682,273)	(358,374)	-	(62,493,390)	(16,905,543)
(6,727,084)	(868,497)	(4,474,392)	(1,168,780)	528,452	(486,980,630)	(45,799,933)
26,739,262	17,311,065	15,912,075	23,877,745	14,308,789	1,031,274,253	144,675,770
4.07%	(6.42)%	130.93%	128.50%	68.90%	3.11%	15.30%

part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2008 (CONTINUED)

	Franklin Income Fund	Franklin India Fund	Franklin MENA Fund	Franklin Natural Resources Fund	Franklin Strategic Income Fund
	(USD)	(USD)	(USD)	(USD)	(USD)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	623,173,789	494,169,523	22,298,037	50,542,306	70,341,741
Currency translation adjustment	–	–	–	–	–
	623,173,789	494,169,523	22,298,037	50,542,306	70,341,741
<b>INCOME</b>					
Dividends (net of withholding taxes)	3,202,262	3,081,090	314,580	197,988	244,127
Interest on bonds (net of withholding taxes)	13,758,686	–	–	12,296	2,064,201
Bank interest	53,587	111,595	25,582	68	640
Securities lending	2,252,833	–	–	–	–
Sundry income	105,733	29,116	–	–	58,097
<b>TOTAL INCOME</b>	19,373,101	3,221,801	340,162	210,352	2,367,065
<b>EXPENSES</b>					
Investment management fees (note 3)	2,070,467	2,128,531	342,659	165,766	248,274
Administration and transfer agency fees	662,305	673,427	52,146	54,873	93,450
Subscription tax (note 10)	111,053	91,114	10,227	8,062	19,005
Custodian fees	16,474	329,114	41,851	1,877	7,733
Audit, printing and publishing expenses	50,915	42,661	4,186	3,500	5,838
Bank charges	845	–	13,948	–	74
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	504,662	787,808	102,203	65,846	130,280
Class AX(acc) shares' maintenance charges (note 13)	–	–	–	–	–
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	1,363,197	253,241	5,466	–	66,011
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	484,844	74,347	74	3,532	67,011
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	214,545	379,193	5,238	7,374	–
Other charges	99,440	120,490	8,365	7,024	17,858
<b>TOTAL EXPENSES</b>	5,578,747	4,879,926	586,363	317,854	655,534
Expenses reimbursement (note 16)	(84)	(201,798)	–	(4,678)	(74,794)
	5,578,663	4,678,128	586,363	313,176	580,740
<b>NET EXPENSES</b>					
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	13,794,438	(1,456,327)	(246,201)	(102,824)	1,786,325
Net realised profit/(loss) on sale of investments	(39,647,979)	(74,330,207)	(22,697,282)	(5,868,340)	(2,526,614)
Net realised profit/(loss) on forward foreign exchange contracts	–	–	–	–	4,960
Net realised profit/(loss) on financial futures contracts	–	–	–	–	–
Net realised profit/(loss) on options contracts	–	–	–	–	–
Net realised profit/(loss) on credit default swaps	–	–	–	–	(160,523)
Net realised profit/(loss) on interest rate swaps	–	–	–	–	–
Net realised profit/(loss) on foreign exchange transactions	(2,951,768)	(875,620)	(500,232)	4,204	(7,330)
Capital gains tax paid	–	–	–	–	–
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	(28,805,309)	(76,662,154)	(23,443,715)	(5,966,960)	(903,182)
Change in net unrealised appreciation/(depreciation) on:					
Investments	(128,997,849)	(59,765,199)	(19,353,705)	(28,112,367)	(8,592,866)
Forward foreign exchange contracts	639,473	–	5,911	–	1,435,495
Financial futures contracts	–	–	–	–	–
Options contracts	–	–	–	–	–
Credit default swaps	–	–	–	–	(583,817)
Interest rate swaps	–	–	–	–	–
Foreign exchange transactions	636,199	3,661,489	4,211	(297)	(9,700)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	(156,527,486)	(132,765,864)	(42,787,298)	(34,079,624)	(8,654,070)
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	41,901,874	198,985,089	64,099,771	19,006,689	30,318,942
Redemption of shares	(113,525,204)	(210,035,796)	(18,597,080)	(13,584,703)	(22,517,597)
Issue of shares in course of merger	–	–	–	–	–
Redemption of shares in course of merger	–	–	–	–	–
Equalisation (note 12)	(260,718)	–	(4)	1,147	32,556
	(71,884,048)	(11,050,707)	45,502,687	5,423,133	7,833,901
Dividends paid/accumulated (note 18)	(11,431,245)	–	–	(353)	(1,687,562)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	(83,315,293)	(11,050,707)	45,502,687	5,422,780	6,146,339
<b>NET ASSETS AT THE END OF THE PERIOD</b>	383,331,010	350,352,952	25,013,426	21,885,462	67,834,010
Portfolio Turnover Ratio (note 21)	63.35%	32.77%	103.72%	(4.59)%	6.55%

The accompanying notes form an integral

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2008 (CONTINUED)

Franklin Technology Fund	Franklin U.S. Equity Fund	Franklin U.S. Focus Fund	Franklin U.S. Government Fund	Franklin U.S. Growth Fund	Franklin U.S. Opportunities Fund	Franklin U.S. Small-Mid Cap Growth Fund
(USD)	(USD)	(USD)	(USD)	(USD)	(USD)	(USD)
133,248,036	186,499,067	4,587,040	1,551,406,244	35,100,317	729,292,850	31,515,579
-	-	-	-	-	-	-
133,248,036	186,499,067	4,587,040	1,551,406,244	35,100,317	729,292,850	31,515,579
177,233	1,409,489	19,448	-	174,018	931,539	108,007
66,434	16,424	442	46,810,327	18,765	74,543	12,176
-	51,978	-	83,327	44	-	14
-	-	-	-	-	-	-
476	1,206,967	-	-	-	18,715	720
244,143	2,684,858	19,890	46,893,654	192,827	1,024,797	120,917
582,393	829,658	16,041	5,402,989	161,916	2,470,497	128,855
148,224	234,073	3,710	2,074,187	42,541	611,116	49,396
30,204	34,189	585	364,896	6,771	94,399	6,255
2,838	4,237	168	45,031	936	15,429	859
11,553	16,373	419	136,743	3,218	54,720	2,583
-	523	-	3,844	-	-	448
250,987	249,894	3,318	1,527,114	56,104	758,952	58,313
-	-	-	220,549	-	-	-
18,225	122,191	-	1,308,729	13,475	143,399	12,388
2,424	37,286	-	179,961	6,695	40,655	1,277
81,388	96,019	5,937	208,748	3,162	119,964	5,221
22,801	32,175	785	267,529	6,313	107,598	5,106
1,151,037	1,656,618	30,963	11,740,320	301,131	4,416,729	270,701
(16,543)	-	-	(152,555)	-	(1,952)	-
1,134,494	1,656,618	30,963	11,587,765	301,131	4,414,777	270,701
(890,351)	1,028,240	(11,073)	35,305,889	(108,304)	(3,389,980)	(149,784)
(15,093,542)	(18,996,201)	(516,468)	(2,842,757)	(2,461,599)	(134,509,221)	(3,572,830)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(89,443)	(505,173)	(539,779)	(769,600)	620	(403,754)	(778)
-	-	-	-	(174)	(4,179)	-
(16,073,336)	(18,473,134)	(1,067,320)	31,693,532	(2,569,457)	(138,307,134)	(3,723,392)
(32,456,785)	(37,358,895)	(1,061,030)	63,603,675	(9,677,509)	(118,513,687)	(7,543,525)
-	196,386	108,361	278,136	-	(128,492)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
27,682	198,540	108,325	275,987	94	(118,918)	(162)
(48,502,439)	(55,437,103)	(1,911,664)	95,851,330	(12,246,872)	(257,068,231)	(11,267,079)
66,123,197	202,485,726	4,884	1,460,269,056	16,759,774	351,418,688	4,528,788
(72,830,206)	(130,712,193)	-	(638,506,544)	(7,092,285)	(403,778,594)	(4,579,348)
-	-	-	-	-	-	-
-	531,433	-	5,219,093	7,466	-	-
(6,707,009)	72,304,966	4,884	826,981,605	9,674,955	(52,359,906)	(50,560)
-	(135,497)	-	(37,164,656)	(25,868)	-	-
(6,707,009)	72,169,469	4,884	789,816,949	9,649,087	(52,359,906)	(50,560)
78,038,588	203,231,433	2,680,260	2,437,074,523	32,502,532	419,864,713	20,197,940
86.13%	22.44%	122.54%	(4.07)%	(4.04)%	111.67%	91.17%

part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2008 (CONTINUED)

	Franklin U.S. Total Return Fund (USD)	Franklin U.S. Ultra Short Bond Fund (USD)	Franklin World Perspectives Fund* (USD)	Franklin Mutual Beacon Fund (USD)	Franklin Mutual Euroland Fund* (EUR)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	46,717,257	63,539,119	–	2,038,468,236	–
Currency translation adjustment	–	–	–	–	–
	46,717,257	63,539,119	–	2,038,468,236	–
<b>INCOME</b>					
Dividends (net of withholding taxes)	3,821	–	78,285	7,298,996	12,802
Interest on bonds (net of withholding taxes)	1,002,997	1,182,864	–	4,630,592	–
Bank interest	16	–	3,310	137,471	4,072
Securities lending	–	–	–	4,442,299	–
Sundry income	48,287	–	–	122,430	–
<b>TOTAL INCOME</b>	1,055,121	1,182,864	81,595	16,631,788	16,874
<b>EXPENSES</b>					
Investment management fees (note 3)	144,433	239,042	39,752	7,515,738	5,843
Administration and transfer agency fees	50,883	87,619	9,138	1,909,073	1,653
Subscription tax (note 10)	9,211	19,391	1,511	282,073	98
Custodian fees	583	1,641	862	87,023	7,555
Audit, printing and publishing expenses	3,873	6,320	671	170,034	120
Bank charges	–	–	20	557	–
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	47,323	32,367	9,556	2,249,141	164
Class AX(acc) shares' maintenance charges (note 13)	–	89,007	–	–	–
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	8,126	63,125	12	906,466	–
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	7,886	26,714	8	345,458	–
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	21,634	13,666	9,077	1,275,352	94
Other charges	7,543	12,345	1,467	512,288	185
<b>TOTAL EXPENSES</b>	301,495	591,237	72,074	15,253,203	15,712
Expenses reimbursement (note 16)	(41,457)	(57,190)	–	(22,559)	(7,210)
<b>NET EXPENSES</b>	260,038	534,047	72,074	15,230,644	8,502
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	795,083	648,817	9,521	1,401,144	8,372
Net realised profit/(loss) on sale of investments	(1,000,305)	(207,963)	(450,944)	(208,411,918)	956
Net realised profit/(loss) on forward foreign exchange contracts	–	–	–	(41,631,994)	–
Net realised profit/(loss) on financial futures contracts	97,538	–	–	–	–
Net realised profit/(loss) on options contracts	–	–	–	455,000	–
Net realised profit/(loss) on credit default swaps	(218,918)	–	–	–	–
Net realised profit/(loss) on interest rate swaps	–	–	–	–	–
Net realised profit/(loss) on foreign exchange transactions	49,520	(277)	101,920	75,536,837	(2,962)
Capital gains tax paid	–	–	–	–	–
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	(277,082)	440,577	(339,503)	(172,650,931)	6,366
Change in net unrealised appreciation/(depreciation) on:					
Investments	(4,745,650)	(2,992,792)	(2,896,878)	(388,594,312)	(92,343)
Forward foreign exchange contracts	481,626	–	–	14,950,557	–
Financial futures contracts	59,730	–	–	–	–
Options contracts	–	–	–	1,426,863	–
Credit default swaps	(33,521)	–	–	–	–
Interest rate swaps	–	–	–	–	–
Foreign exchange transactions	(66,573)	–	26,557	1,791,918	23
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	(4,581,470)	(2,552,215)	(3,209,824)	(543,075,905)	(85,954)
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	5,531,796	61,745,806	25,077,168	523,759,439	6,381,576
Redemption of shares	(15,355,194)	(52,543,322)	–	(761,493,929)	–
Issue of shares in course of merger	–	–	–	–	–
Redemption of shares in course of merger	–	–	–	–	–
Equalisation (note 12)	(25,581)	13,973	–	(352,798)	8,097
	(9,848,979)	9,216,457	25,077,168	(238,087,288)	6,389,673
Dividends paid/accumulated (note 18)	(869,793)	(674,406)	–	(20,250,637)	–
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	(10,718,772)	8,542,051	25,077,168	(258,337,925)	6,389,673
<b>NET ASSETS AT THE END OF THE PERIOD</b>	31,417,015	69,528,955	21,867,344	1,237,054,406	6,303,719
Portfolio Turnover Ratio (note 21)	705.61%	(122.53)%	18.26%	4.00%	(67.09)%

\* These Funds were launched on October 14, 2008

The accompanying notes form an integral

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2008 (CONTINUED)

Franklin Mutual European Fund (EUR)	Franklin Mutual Global Discovery Fund (USD)	Franklin Templeton Global Equity Strategies Fund (USD)	Franklin Templeton Global Fundamental Strategies Fund (USD)	Franklin Templeton Global Growth and Value Fund (USD)	Franklin Templeton Japan Fund (JPY)	Templeton Asian Bond Fund (USD)
4,378,425,615	583,586,135	9,289,246	210,159,691	47,903,942	28,640,457,830	801,249,143
-	-	-	-	-	-	-
4,378,425,615	583,586,135	9,289,246	210,159,691	47,903,942	28,640,457,830	801,249,143
14,555,812	1,894,530	80,567	920,412	445,784	156,450,254	-
4,764,807	2,230,602	-	2,733,834	-	-	19,395,181
2,867,001	295,791	17,766	1,434	16,518	113,812	66,143
8,047,781	154,433	-	-	-	-	-
-	1,122	-	-	-	-	-
30,235,401	4,576,478	98,333	3,655,680	462,302	156,564,066	19,461,324
17,259,380	2,461,068	84,097	1,301,943	227,837	97,994,254	1,871,295
4,112,494	663,419	16,363	342,534	68,896	26,662,614	594,552
690,614	99,433	3,427	71,636	10,248	3,879,042	79,812
415,697	40,063	874	35,376	6,314	425,698	253,851
377,487	47,784	825	18,571	4,164	2,325,789	57,386
1,353	-	109	-	-	489,978	79,694
6,088,416	591,582	33,639	647,574	91,253	36,783,782	492,208
-	-	-	-	-	-	-
638,736	214,580	-	773	11,202	817,396	244,909
206,245	329,031	-	98	12,719	1,265,088	241,301
2,005,894	321,921	-	5,997	29,631	18,100,118	127,701
742,671	93,843	1,630	38,195	8,484	4,533,299	112,536
32,538,987	4,862,724	140,964	2,462,697	470,748	193,277,058	4,155,245
(23,827)	(403)	-	-	(72)	(48,791)	(217,122)
32,515,160	4,862,321	140,964	2,462,697	470,676	193,228,267	3,938,123
(2,279,759)	(285,843)	(42,631)	1,192,983	(8,374)	(36,664,201)	15,523,201
(1,131,346,516)	(68,193,075)	(529,279)	(8,269,996)	(3,147,331)	(9,258,803,887)	(98,243,747)
24,431	(22,313,946)	-	(275,924)	-	-	(10,827,075)
-	-	-	-	-	-	-
186,835,426	11,984,008	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,525,097)	43,005,559	(95,649)	(13,636,606)	(30,690)	2,357,878	18,542,384
-	-	-	-	-	-	-
(948,291,515)	(35,803,297)	(667,559)	(20,989,543)	(3,186,395)	(9,293,110,210)	(75,005,237)
(58,571,588)	(80,274,197)	(2,331,502)	(47,434,781)	(19,875,892)	(537,205,400)	9,200,281
14,355	6,963,090	216,270	14,205,114	-	-	24,524,969
-	-	-	-	-	-	-
(20,689,694)	(923,290)	605	21,417	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,969,706)	2,682,374	240,281	6,604,723	(2,945)	(14,653,696)	184,848
(1,029,508,148)	(107,355,320)	(2,541,905)	(47,593,070)	(23,065,232)	(9,844,969,306)	(41,095,139)
1,439,771,231	255,678,349	34,964,556	247,640,731	28,274,075	5,943,759,720	51,742,624
(1,485,529,668)	(174,674,526)	(673,633)	(29,294,589)	(16,043,102)	(12,135,504,158)	(468,128,122)
-	-	-	-	-	2,473,024,223	-
-	-	-	-	-	-	-
(1,814)	102,947	248	746,347	(4,371)	(1,787,612)	(1,381,464)
(45,760,251)	81,106,770	34,291,171	219,092,489	12,226,602	(3,720,507,827)	(417,766,962)
(62,503,533)	(5,855,749)	(8,570)	(1,885,904)	(270,696)	(4,509,777)	(14,265,139)
(108,263,784)	75,251,021	34,282,601	217,206,585	11,955,906	(3,725,017,604)	(432,032,101)
3,240,653,683	551,481,836	41,029,942	379,773,206	36,794,616	15,070,470,920	328,121,903
38.68%	(13.95)%	(134.82)%	(68.15)%	(37.15)%	346.56%	36.84%

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## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2008 (CONTINUED)

	Templeton Asian Growth Fund  (USD)	Templeton Asian Smaller Companies Fund*  (USD)	Templeton BRIC Fund  (USD)	Templeton China Fund  (USD)	Templeton Eastern Europe Fund  (EUR)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	6,348,631,189	–	2,603,423,258	661,040,772	851,335,704
Currency translation adjustment	–	–	–	–	–
	<u>6,348,631,189</u>	<u>–</u>	<u>2,603,423,258</u>	<u>661,040,772</u>	<u>851,335,704</u>
<b>INCOME</b>					
Dividends (net of withholding taxes)	92,145,331	13,435	24,328,525	11,678,658	2,593,947
Interest on bonds (net of withholding taxes)	–	2,848	–	–	–
Bank interest	210,666	34	285,738	53,412	243,920
Securities lending	–	–	–	–	–
Sundry income	607,194	–	15	–	–
<b>TOTAL INCOME</b>	<u>92,963,191</u>	<u>16,317</u>	<u>24,614,278</u>	<u>11,732,070</u>	<u>2,837,867</u>
<b>EXPENSES</b>					
Investment management fees (note 3)	26,573,994	9,621	12,947,244	3,935,269	4,467,432
Administration and transfer agency fees	4,889,598	2,075	2,342,528	683,027	794,021
Subscription tax (note 10)	660,191	142	319,609	103,071	113,888
Custodian fees	2,277,933	11,270	428,494	139,683	387,212
Audit, printing and publishing expenses	488,926	134	185,862	53,883	74,094
Bank charges	1,084,720	–	18,316	7,897	11,301
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	7,592,461	489	2,962,949	1,086,687	1,198,533
Class AX(acc) shares' maintenance charges (note 13)	–	–	–	–	–
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	169,747	53	1,052,675	–	44,735
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	363,000	–	447,027	61,489	35,841
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	1,178,212	–	885,511	171,894	206,537
Other charges	951,324	277	395,733	271,109	144,831
<b>TOTAL EXPENSES</b>	<u>46,230,106</u>	<u>24,061</u>	<u>21,985,948</u>	<u>6,514,009</u>	<u>7,478,425</u>
Expenses reimbursement (note 16)	(373,723)	(9,670)	(424,444)	(2,853)	(24,367)
<b>NET EXPENSES</b>	<u>45,856,383</u>	<u>14,391</u>	<u>21,561,504</u>	<u>6,511,156</u>	<u>7,454,058</u>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	<u>47,106,808</u>	<u>1,926</u>	<u>3,052,774</u>	<u>5,220,914</u>	<u>(4,616,191)</u>
Net realised profit/(loss) on sale of investments	145,667,080	50,430	(279,861,679)	4,852,877	(98,636,370)
Net realised profit/(loss) on forward foreign exchange contracts	–	–	–	–	–
Net realised profit/(loss) on financial futures contracts	–	–	–	–	–
Net realised profit/(loss) on options contracts	–	–	–	–	–
Net realised profit/(loss) on credit default swaps	–	–	–	–	–
Net realised profit/(loss) on interest rate swaps	–	–	–	–	–
Net realised profit/(loss) on foreign exchange transactions	(6,425,526)	40,419	(2,469,467)	(32,933)	(634,819)
Capital gains tax paid	–	–	–	–	–
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	<u>186,348,362</u>	<u>92,775</u>	<u>(279,278,372)</u>	<u>10,040,858</u>	<u>(103,887,380)</u>
Change in net unrealised appreciation/(depreciation) on:					
Investments	(2,727,797,688)	163,858	(1,065,748,368)	(221,292,371)	(285,668,188)
Forward foreign exchange contracts	(66,177)	–	(47,128)	–	–
Financial futures contracts	–	–	–	–	–
Options contracts	–	–	–	–	–
Credit default swaps	–	–	–	–	–
Interest rate swaps	–	–	–	–	–
Foreign exchange transactions	118,133	–	(1,460,904)	(40,968)	32,932
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<u>(2,541,397,370)</u>	<u>256,633</u>	<u>(1,346,534,772)</u>	<u>(211,292,481)</u>	<u>(389,522,636)</u>
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	977,510,601	5,000,000	338,519,568	177,686,342	67,115,652
Redemption of shares	(1,879,290,200)	–	(561,552,390)	(231,244,454)	(231,934,964)
Issue of shares in course of merger	–	–	–	–	–
Redemption of shares in course of merger	–	–	–	–	–
Equalisation (note 12)	(6,810,691)	–	53,437	(372,988)	–
	<u>(908,590,290)</u>	<u>5,000,000</u>	<u>(222,979,385)</u>	<u>(53,931,100)</u>	<u>(164,819,312)</u>
Dividends paid/accumulated (note 18)	(61,531,514)	–	(952,938)	(3,120,899)	–
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	<u>(970,121,804)</u>	<u>5,000,000</u>	<u>(223,932,323)</u>	<u>(57,051,999)</u>	<u>(164,819,312)</u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<u>2,837,112,015</u>	<u>5,256,633</u>	<u>1,032,956,163</u>	<u>392,696,292</u>	<u>296,993,756</u>
Portfolio Turnover Ratio (note 21)	(20.65)%	(26.06)%	44.20%	(35.85)%	39.16%

\* This Fund was launched on October 14, 2008

The accompanying notes form an integral

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2008 (CONTINUED)

Templeton Emerging Markets Fund (USD)	Templeton Emerging Markets Bond Fund (USD)	Templeton Emerging Markets Smaller Companies Fund (USD)	Templeton Euro Liquid Reserve Fund (EUR)	Templeton Euroland Fund (EUR)	Templeton Euroland Bond Fund (EUR)	Templeton European Fund (EUR)
1,385,750,299	1,301,111,924	337,862,226	130,874,425	258,107,008	27,728,076	159,284,716
-	-	-	-	-	-	-
1,385,750,299	1,301,111,924	337,862,226	130,874,425	258,107,008	27,728,076	159,284,716
16,494,052	-	3,988,044	-	446,121	-	1,099,113
-	41,290,039	25,159	2,708,970	-	536,428	-
1,083,740	156,161	1,124	251,487	140,237	37,995	102,155
-	-	-	-	2,277,354	-	661,762
2,310	54,965	-	-	-	34	5,574
17,580,102	41,501,165	4,014,327	2,960,457	2,863,712	574,457	1,868,604
7,499,588	4,685,389	1,678,386	176,782	911,482	68,757	712,253
1,316,836	1,370,395	235,511	106,501	251,543	30,343	189,945
173,362	194,012	40,856	5,519	32,438	3,705	31,438
615,559	384,885	114,609	6,792	17,860	1,410	15,831
107,687	102,316	25,592	11,865	26,978	2,395	15,163
1,426	49,894	4,311	9,558	8,834	-	6,984
1,648,601	1,469,638	515,195	39,017	340,425	11,633	319,942
-	-	-	-	-	-	-
528,369	2,003,850	-	-	3,481	-	-
134,142	125,934	80	-	706	-	2,095
260,880	221,008	2,593	199,091	83,820	28,412	43,213
211,162	200,861	49,805	23,409	52,028	4,740	29,605
12,497,612	10,808,182	2,666,938	578,534	1,729,595	151,395	1,366,469
(99,179)	(23,984)	(53,920)	-	(2,816)	(54)	(279)
12,398,433	10,784,198	2,613,018	578,534	1,726,779	151,341	1,366,190
5,181,669	30,716,967	1,401,309	2,381,923	1,136,933	423,116	502,414
(177,741,320)	(71,256,841)	(55,513,213)	(3,950,392)	(36,656,014)	(422,916)	(36,376,422)
-	(2,537,130)	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(2,656,530)	5,443,275	(581,114)	-	73,232	207	185,112
(3,090)	-	-	-	-	-	-
(175,219,271)	(37,633,729)	(54,693,018)	(1,568,469)	(35,445,849)	407	(35,688,896)
(417,141,435)	(231,312,497)	(98,006,040)	(745,128)	(23,665,442)	602,851	(5,627,681)
-	29,567,664	-	-	-	-	-
-	-	-	-	-	(13,400)	-
-	12,762	-	-	-	-	-
-	-	-	-	-	-	-
-	5,024,550	-	-	-	-	-
26,235	(1,932,576)	108,226	-	250,804	-	(361,065)
(592,334,471)	(236,273,826)	(152,590,832)	(2,313,597)	(58,860,487)	589,858	(41,677,642)
196,430,534	240,667,987	3,857,448	78,558,855	27,806,481	8,067,790	69,117,687
(278,013,691)	(653,324,697)	(63,263,806)	(114,421,229)	(80,032,002)	(12,367,678)	(42,029,913)
-	-	-	-	-	-	-
(427,316)	(4,103,426)	(228,982)	(597,358)	(227,175)	(39,962)	179,218
(82,010,473)	(416,760,136)	(59,635,340)	(36,459,732)	(52,452,696)	(4,339,850)	27,266,992
(3,498,037)	(33,569,738)	(535,232)	(4,705,629)	(4,575,362)	(884,014)	(3,221,583)
(85,508,510)	(450,329,874)	(60,170,572)	(41,165,361)	(57,028,058)	(5,223,864)	24,045,409
707,907,318	614,508,224	125,100,822	87,395,467	142,218,463	23,094,070	141,652,483
108.15%	(2.87)%	43.65%	N/A	25.41%	(5.78)%	15.18%

part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2008 (CONTINUED)

	Templeton European Total Return Fund (EUR)	Templeton Frontier Markets Fund*	Templeton Global Fund (USD)	Templeton Global (Euro) Fund (EUR)	Templeton Global Absolute Return (Euro) Fund† (EUR)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	196,656,134	–	1,635,360,447	616,563,108	34,242,182
Currency translation adjustment	–	–	–	–	–
	196,656,134	–	1,635,360,447	616,563,108	34,242,182
<b>INCOME</b>					
Dividends (net of withholding taxes)	–	1,909	9,674,471	4,273,001	93,672
Interest on bonds (net of withholding taxes)	4,260,369	2,936	–	–	669,544
Bank interest	76,773	44	445,566	404,968	22,613
Securities lending	–	–	6,109,897	2,118,594	–
Sundry income	–	–	133,528	130,889	113,023
<b>TOTAL INCOME</b>	4,337,142	4,889	16,363,462	6,927,452	898,852
<b>EXPENSES</b>					
Investment management fees (note 3)	558,112	15,600	5,756,108	2,675,649	51,371
Administration and transfer agency fees	187,056	2,250	1,589,996	763,873	30,970
Subscription tax (note 10)	35,347	400	218,250	123,901	5,261
Custodian fees	2,532	1,705	124,277	49,735	–
Audit, printing and publishing expenses	18,955	134	129,801	56,791	4,038
Bank charges	–	34	778	10,678	–
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	122,518	442	2,025,372	1,264,949	16,222
Class AX(acc) shares' maintenance charges (note 13)	–	–	–	–	–
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	–	48	557,035	39	–
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	6,863	14	125,508	–	–
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	317,958	6,357	297,597	17,575	44,709
Other charges	43,222	1,099	340,011	111,561	189,234
<b>TOTAL EXPENSES</b>	1,292,563	28,083	11,164,733	5,074,751	341,805
Expenses reimbursement (note 16)	(245,682)	–	(9,058)	(3,617)	(1,055)
<b>NET EXPENSES</b>	1,046,881	28,083	11,155,675	5,071,134	340,750
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	3,290,261	(23,194)	5,207,787	1,856,318	558,102
Net realised profit/(loss) on sale of investments	(25,059,900)	(80,776)	(26,072,606)	(84,957,950)	(629,486)
Net realised profit/(loss) on forward foreign exchange contracts	1,965,804	–	–	–	(3,162,383)
Net realised profit/(loss) on financial futures contracts	(957,000)	–	–	–	(789,643)
Net realised profit/(loss) on options contracts	–	–	–	–	–
Net realised profit/(loss) on credit default swaps	–	–	–	–	304,514
Net realised profit/(loss) on interest rate swaps	–	–	–	–	(526,565)
Net realised profit/(loss) on foreign exchange transactions	(3,945,824)	(37,620)	(4,177,661)	(1,059,007)	(2,894,011)
Capital gains tax paid	–	–	–	–	–
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	(24,706,659)	(141,590)	(25,042,480)	(84,160,639)	(7,139,472)
Change in net unrealised appreciation/(depreciation) on:					
Investments	(729,557)	(73,999)	(500,387,614)	(64,904,233)	(88,772)
Forward foreign exchange contracts	(427,217)	21,304	–	(42,564)	(244,391)
Financial futures contracts	(147,400)	–	–	–	3,161
Options contracts	–	–	–	–	–
Credit default swaps	–	–	–	–	(68,965)
Interest rate swaps	–	–	–	–	–
Foreign exchange transactions	(75)	21,616	(393,296)	218,955	(101,127)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	(26,010,908)	(172,669)	(525,823,390)	(148,888,481)	(7,639,566)
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	10,722,735	5,595,905	253,161,064	46,284,204	2,467,332
Redemption of shares	(77,320,620)	–	(367,341,354)	(50,380,523)	(16,713,686)
Issue of shares in course of merger	–	–	–	–	–
Redemption of shares in course of merger	–	–	–	–	(10,240,750)
Equalisation (note 12)	(196,209)	–	48,795	(21,673)	(222,630)
	(66,794,094)	5,595,905	(114,131,495)	(4,117,992)	(24,709,734)
Dividends paid/accumulated (note 18)	(3,369,771)	–	(25,697,547)	(10,158,458)	(1,892,882)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	(70,163,865)	5,595,905	(139,829,042)	(14,276,450)	(26,602,616)
<b>NET ASSETS AT THE END OF THE PERIOD</b>	100,481,361	5,423,236	969,708,015	453,398,177	–
Portfolio Turnover Ratio (note 21)	52.07%	(23.95)%	25.99%	45.32%	(8.71)%

\* This Fund was launched on October 14, 2008

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

The accompanying notes form an integral

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2008 (CONTINUED)

Templeton Global Absolute Return (USD) Fund† (USD)	Templeton Global Balanced Fund (USD)	Templeton Global Bond Fund (USD)	Templeton Global Bond (Euro) Fund (EUR)	Templeton Global Equity Income Fund (USD)	Templeton Global High Yield Fund (USD)	Templeton Global Income Fund (USD)
7,508,179	993,992,609	10,134,928,080	213,603,431	177,141,209	7,533,849	145,616,401
-	-	-	-	-	-	-
7,508,179	993,992,609	10,134,928,080	213,603,431	177,141,209	7,533,849	145,616,401
13,392	5,644,193	-	-	2,229,462	17,789	1,108,982
150,958	5,716,323	268,958,031	6,553,916	-	268,706	2,916,418
33	30,702	2,663,922	75,293	13,852	124	8,153
-	2,222,915	-	-	996,788	-	-
24,696	33,158	-	248	-	-	-
189,079	13,647,291	271,621,953	6,629,457	3,240,102	286,619	4,033,553
15,256	3,210,688	34,595,256	678,864	664,963	23,575	498,149
7,189	1,254,137	10,754,262	207,131	178,129	7,132	138,627
1,506	180,937	2,032,200	38,294	27,554	1,221	25,427
1,222	155,117	3,407,288	73,098	21,205	1,002	44,441
561	80,889	832,519	19,394	15,142	609	12,357
44	-	84,338	5,713	4,399	63	1,324
14,041	1,437,766	8,284,737	143,101	296,386	11,533	225,308
-	-	1,227,096	-	-	-	-
1,447	1,432,070	7,628,687	288	109,718	-	79,426
2,949	248,584	3,172,060	-	6,298	-	38,141
-	94,637	5,153,841	336,598	6,372	725	36,707
29,192	188,400	4,197,608	38,170	29,466	1,191	24,137
73,407	8,283,225	81,369,892	1,540,651	1,359,632	47,051	1,124,044
-	(15,856)	(188,984)	(94,539)	(274,466)	-	(153,457)
73,407	8,267,369	81,180,908	1,446,112	1,085,166	47,051	970,587
115,672	5,379,922	190,441,045	5,183,345	2,154,936	239,568	3,062,966
(505,637)	3,908,635	(30,648,112)	(10,655,214)	(12,401,598)	(289,355)	(9,747,032)
197,883	1,036,287	(233,203,748)	(3,644,844)	-	22,391	219,746
(76,176)	-	-	-	-	-	-
-	-	-	-	-	-	-
(35,749)	-	-	-	-	-	-
(123,062)	-	-	-	-	-	-
184,326	(1,145,030)	293,218,364	6,936,532	(72,037)	(55,443)	(637,041)
-	-	-	-	-	-	-
(242,743)	9,179,814	219,807,549	(2,180,181)	(10,318,699)	(82,839)	(7,101,361)
(1,090,074)	(220,964,295)	(1,168,513,220)	2,265,768	(38,401,499)	(1,541,117)	(21,800,581)
9,109	5,458,942	1,188,514,459	11,802,259	-	35,762	8,246,702
(3,787)	-	-	-	-	-	-
-	12,762	12,762	9,159	-	12,762	12,762
16,540	-	-	-	-	-	-
-	-	106,012,036	66,301	-	-	-
(19,521)	(380,512)	(4,245,066)	(258,603)	(50,773)	(4,077)	(138,243)
(1,330,476)	(206,693,289)	341,588,520	11,704,703	(48,770,971)	(1,579,509)	(20,780,721)
255,276	74,525,908	3,294,236,841	61,861,277	7,616,505	692,857	5,794,943
(463,574)	(192,948,756)	(4,695,971,766)	(113,295,368)	(33,146,316)	(628,358)	(28,951,037)
-	-	-	-	-	-	-
(5,815,106)	-	-	-	-	-	-
(1,350)	(199,761)	(3,580,600)	(972,411)	(196,638)	481	(185,741)
(6,024,754)	(118,622,609)	(1,405,315,525)	(52,406,502)	(25,726,449)	64,980	(23,341,835)
(152,949)	(11,379,000)	(182,605,071)	(11,141,377)	(3,203,506)	(229,154)	(3,945,261)
(6,177,703)	(130,001,609)	(1,587,920,596)	(63,547,879)	(28,929,955)	(164,174)	(27,287,096)
-	657,297,711	8,888,596,004	161,760,255	99,440,283	5,790,166	97,548,584
58.62%	30.50%	22.01%	29.39%	16.70%	28.87%	42.62%

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

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## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2008 (CONTINUED)

	Templeton Global Smaller Companies Fund (USD)	Templeton Global Total Return Fund (USD)	Templeton Growth (Euro) Fund (EUR)	Templeton Japan Fund* (USD)	Templeton Korea Fund (USD)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	180,141,227	3,624,150,774	4,561,999,638	36,600,268	124,452,365
Currency translation adjustment	–	–	–	–	–
	180,141,227	3,624,150,774	4,561,999,638	36,600,268	124,452,365
<b>INCOME</b>					
Dividends (net of withholding taxes)	2,011,691	1,090,055	29,586,823	203,515	128,668
Interest on bonds (net of withholding taxes)	–	106,736,686	906,758	170	–
Bank interest	41,221	80,898	3,373,016	10,723	30,272
Securities lending	117,092	–	17,380,686	–	–
Sundry income	250,908	–	166,726	–	–
<b>TOTAL INCOME</b>	2,420,912	107,907,639	51,414,009	214,408	158,940
<b>EXPENSES</b>					
Investment management fees (note 3)	667,800	10,550,211	19,815,842	124,662	646,261
Administration and transfer agency fees	196,383	3,180,176	5,586,107	49,733	146,896
Subscription tax (note 10)	28,079	576,523	916,407	5,516	16,856
Custodian fees	26,651	927,128	375,721	2,903	36,050
Audit, printing and publishing expenses	14,935	280,829	427,627	2,358	9,937
Bank charges	–	131,364	15,423	–	1,366
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	313,008	2,782,670	9,248,405	56,645	181,748
Class AX(acc) shares' maintenance charges (note 13)	–	–	–	–	–
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	178	698,258	1,224	–	–
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	2,219	332,907	116	–	1,236
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	36,192	2,407,895	149,618	11,371	17,043
Other charges	29,102	1,359,665	839,675	4,514	19,412
<b>TOTAL EXPENSES</b>	1,314,547	23,227,626	37,376,165	257,702	1,076,805
Expenses reimbursement (note 16)	(527)	(1,045,503)	(4,963)	–	(1,867)
<b>NET EXPENSES</b>	1,314,020	22,182,123	37,371,202	257,702	1,074,938
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	1,106,892	85,725,516	14,042,807	(43,294)	(915,998)
Net realised profit/(loss) on sale of investments	(17,399,970)	(270,205,832)	(480,924,600)	(6,341,172)	(25,527,725)
Net realised profit/(loss) on forward foreign exchange contracts	–	(65,890,688)	–	–	–
Net realised profit/(loss) on financial futures contracts	–	–	–	–	–
Net realised profit/(loss) on options contracts	–	–	–	–	–
Net realised profit/(loss) on credit default swaps	–	–	–	–	–
Net realised profit/(loss) on interest rate swaps	–	–	–	–	–
Net realised profit/(loss) on foreign exchange transactions	(72,424)	49,289,128	(414,352)	(35,162)	(608,228)
Capital gains tax paid	–	–	–	–	–
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	(16,365,502)	(201,081,876)	(467,296,145)	(6,419,628)	(27,051,951)
Change in net unrealised appreciation/(depreciation) on:					
Investments	(60,605,074)	(387,006,335)	(578,335,754)	(1,812,517)	(26,870,438)
Forward foreign exchange contracts	–	301,438,462	–	–	–
Financial futures contracts	–	–	–	–	–
Options contracts	–	25,524	–	–	–
Credit default swaps	–	–	–	–	–
Interest rate swaps	–	49,503,891	–	–	–
Foreign exchange transactions	(10,321)	(2,742,430)	573,243	49,922	(14,445)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	(76,980,897)	(239,862,764)	(1,045,058,656)	(8,182,223)	(53,936,834)
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	34,677,038	594,224,303	829,614,862	2,788,206	52,133,954
Redemption of shares	(39,410,896)	(1,691,981,871)	(858,822,850)	(5,398,882)	(67,770,284)
Issue of shares in course of merger	–	20,065,110	–	–	–
Redemption of shares in course of merger	–	–	–	(25,802,329)	–
Equalisation (note 12)	29,470	(3,427,606)	(596,896)	(33)	(101)
	(4,704,388)	(1,081,120,064)	(29,804,884)	(28,413,038)	(15,636,431)
Dividends paid/accumulated (note 18)	(1,519,797)	(81,689,965)	(49,097,161)	(5,007)	(107,746)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	(6,224,185)	(1,162,810,029)	(78,902,045)	(28,418,045)	(15,744,177)
<b>NET ASSETS AT THE END OF THE PERIOD</b>	96,936,145	2,221,477,981	3,438,038,937	–	54,771,354
Portfolio Turnover Ratio (note 21)	11.00%	41.51%	19.69%	714.38%	(118.13)%

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

The accompanying notes form an integral

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2008 (CONTINUED)

Templeton Latin America Fund  (USD)	Templeton Thailand Fund  (USD)	Templeton U.S. Dollar Liquid Reserve Fund (USD)	Templeton U.S. Value Fund  (USD)
2,629,312,818	200,115,502	306,877,178	15,769,035
-	-	-	-
2,629,312,818	200,115,502	306,877,178	15,769,035
26,688,555	2,467,778	-	132,165
-	-	2,341,729	6,188
544,414	5,507	-	-
-	-	-	-
-	-	-	540
27,232,969	2,473,285	2,341,729	138,893
11,777,072	984,072	475,937	80,334
2,148,585	176,308	232,757	24,158
347,756	22,677	16,793	3,499
837,252	50,644	14,236	504
187,690	14,589	25,753	1,516
2,118	11,096	135	-
3,406,356	290,977	98,420	26,800
-	-	-	-
437,820	20,273	305,354	8,801
63,793	-	144,216	4,975
535,882	21,828	205,018	8,822
368,058	28,513	52,093	3,046
20,112,382	1,620,977	1,570,712	162,455
(82,658)	-	-	(45)
20,029,724	1,620,977	1,570,712	162,410
7,203,245	852,308	771,017	(23,517)
(99,726,926)	(15,501,057)	-	(5,621,159)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(1,800,860)	(108,437)	-	(266,463)
-	-	-	-
(94,324,541)	(14,757,186)	771,017	(5,911,139)
(1,312,470,771)	(63,744,271)	156,625	(2,488,997)
-	-	-	(7,413)
-	-	-	-
-	-	-	-
-	-	-	-
(74,172)	943	-	(7,456)
(1,406,869,484)	(78,500,514)	927,642	(8,415,005)
913,370,683	25,455,168	282,141,491	19,592,186
(953,085,082)	(68,535,100)	(294,186,725)	(15,293,953)
-	-	-	-
-	-	-	-
348,846	(279,483)	(602)	(7,436)
(39,365,553)	(43,359,415)	(12,045,836)	4,290,797
(7,159,770)	(1,739,380)	(1,338,519)	(5,999)
(46,525,323)	(45,098,795)	(13,384,355)	4,284,798
1,175,918,011	76,516,193	294,420,465	11,638,828
(8.04)%	(56.15)%	N/A	(46.76)%

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## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008

### Note 1 — The Company

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

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

The following share classes were launched effective on August 14, 2008:

- Franklin MENA Fund Class A (Ydis) GBP, Class A (Ydis) EUR and Class A (Ydis)

The following share class was launched effective on August 25, 2008:

- Franklin Templeton Japan Fund Class N (Acc) USD

The following share class was launched effective on August 29, 2008:

- Franklin MENA Fund Class I (Ydis)

The following Funds were launched effective on October 14, 2008:

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

The following share class was launched effective on November 5, 2008:

- Franklin Mutual Global Discovery Fund Class I (Acc) EUR-H2

The following share classes were launched effective on November 7, 2008:

- Franklin World Perspectives Fund Class B (Acc) and Class C (Acc)
- Templeton Asian Smaller Companies Fund Class B (Acc) and Class B (Acc) EUR
- Templeton Frontier Markets Fund Class B (Acc), Class C (Acc) and Class B (Acc) EUR

The following Fund was merged into Franklin Templeton Japan Fund effective on November 21, 2008:

- Templeton Japan Fund

The following Fund was launched effective on November 28, 2008:

- Franklin Euroland Core Fund

The following share class was closed effective on December 18, 2008:

- Templeton European Total Return Fund Class A (Mdis) GBP

The following share class was closed effective on December 19, 2008:

- Franklin Global Real Estate (Euro) Fund Class A (Ydis) GBP

The following Funds were merged into Templeton Global Total Return Fund effective on December 19, 2008:

- Templeton Global Absolute Return (Euro) Fund
- Templeton Global Absolute Return (USD) Fund

The following Funds had their name changed effective on November 5, 2008:

- Franklin Mutual Global Discovery Fund Class N (Acc) EUR-H1 became Franklin Mutual Global Discovery Fund Class N (Acc) EUR-H2
- Franklin Mutual Global Discovery Fund Class A (Acc) EUR-H1 became Franklin Mutual Global Discovery Fund Class A (Acc) EUR-H2

For a full list of Funds and share classes offered as at December 31, 2008 please refer to note 13.

### Note 2 — Significant accounting policies

#### (a) General

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

#### (b) Investment in securities

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

#### (b) Investment in securities (continued)

During the accounting period 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 in its 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 in the “Statement of Operations and Changes in Net Assets”.

#### (c) Foreign exchange transactions

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

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

#### (d) Forward foreign exchange contracts

Forward foreign 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 new Funds are expensed as incurred.

#### (g) Futures contracts

The Company may enter into financial futures contracts to gain exposure to market changes. A financial futures 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 sale proceeds are adjusted by the amount of the premium. When an option is closed, the difference between the premium and the cost to close the position is accounted for as a realised gain or loss. When an option expires, the premium is accounted for as a realised gain or loss for options written or as a realised loss for options purchased. The risks include price movements in the underlying securities, the possibility there may be an illiquid options market, or the inability of the counterparties to fulfill their obligations under the contract.

#### (i) Interest Rate Swaps

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

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

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

#### (j) Credit Default Swaps

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

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

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

#### (k) Mortgage Dollar Rolls

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

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

#### (l) Securities Lending

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

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

### Note 3 — Investment management fees

The Investment Managers, as noted on pages 3 and 4, receive from the Company a monthly fee equivalent to a certain percentage per annum (as detailed below) of each Fund's average daily net assets during the year. The following percentages apply in respect of the different Funds as at December 31, 2008.

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

### Note 4 — Forward foreign exchange contracts

As at December 31, 2008, the Company had entered into the following outstanding contracts:

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

Number of contracts	Purchase		Sale		Unrealised profit/(loss) EUR
9	EUR	9,656,956	USD	13,177,675	208,614
5	EUR	2,230,737	AUD	4,544,204	(60,605)
4	USD	2,365,821	EUR	1,703,000	(6,713)
3	EUR	1,365,384	JPY	166,708,738	45,709
3	EUR	1,842,238	GBP	1,681,880	83,603
2	GBP	625,676	EUR	672,000	(17,770)
2	EUR	230,149	SGD	460,814	96
2	EUR	269,697	CAD	448,684	5,366
1	EUR	137,531	ZAR	1,943,903	(7,611)
1	EUR	112,566	NZD	277,776	(2,790)
1	HKD	841,542	EUR	78,000	(106)
1	AUD	459,334	EUR	224,000	7,612
1	EUR	342,604	HKD	3,591,160	10,204
					265,609

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

Number of contracts	Purchase		Sale		Unrealised profit/(loss) USD
3	USD	2,956,302	AUD	4,440,633	(166,601)
3	USD	1,941,013	JPY	175,522,031	3,149
2	USD	2,236,810	EUR	1,653,553	(69,411)
2	USD	497,870	HKD	3,856,751	(16)
1	USD	178,893	ZAR	1,863,803	(15,195)
1	USD	347,066	SGD	512,169	(9,548)
1	USD	132,393	NZD	241,532	(7,502)
1	USD	462,902	CAD	569,062	(4,672)
1	HKD	890,629	USD	115,000	(24)
1	AUD	169,968	USD	118,000	1,531
1	USD	1,735,945	GBP	1,147,791	62,058
					(206,231)

#### (c) Franklin High Yield Fund

Number of contracts	Purchase		Sale		Unrealised profit/(loss) USD
6	SGD	5,520,524	USD	3,650,024	197,164
5	USD	475,271	SGD	723,000	(28,579)
					168,585

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

Number of contracts	Purchase		Sale		Unrealised profit/(loss) EUR
1	USD	3,000,000	EUR	2,153,393	(6,451)
1	EUR	8,585,366	USD	11,000,000	713,244
					706,793

#### (e) Franklin Income Fund

Number of contracts	Purchase		Sale		Unrealised profit/(loss) USD
8	SGD	29,207,055	USD	19,293,954	1,060,105
5	USD	2,738,991	SGD	4,181,000	(174,700)
					885,405

#### (f) Franklin MENA Fund

Number of contracts	Purchase		Sale		Unrealised profit/(loss) USD
25	EUR	997,418	USD	1,331,064	60,138
6	USD	146,113	EUR	105,000	(341)
					59,797

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

#### (g) Franklin Strategic Income Fund

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
14	USD 6,060,751	EUR 4,019,087	462,404
12	CHF 1,704,446	KRW 1,655,947,300	281,413
11	EUR 2,283,000	USD 3,010,452	171,751
7	KRW 845,222,500	CHF 760,980	(41,579)
7	USD 729,632	MXN 7,994,663	166,576
7	JPY 133,987,885	EUR 854,000	291,955
5	MYR 2,296,825	EUR 467,502	15,002
4	RUB 12,624,319	MXN 5,447,174	(27,984)
4	CNY 3,667,569	USD 532,367	(8,317)
4	CHF 632,164	USD 601,005	(7,417)
4	EUR 988,000	SGD 1,934,596	29,685
4	SGD 2,020,989	EUR 988,000	30,401
3	RUB 9,356,159	NZD 560,520	(63,641)
2	RUB 4,863,365	AUD 233,038	(30,546)
2	USD 281,740	CHF 321,844	(20,326)
2	CNY 575,834	AUD 123,477	(3,698)
2	MXN 2,093,309	RUB 4,978,856	6,691
2	MYR 1,271,411	GBP 205,000	68,940
1	VND 978,730,438	AUD 79,477	(1,849)
1	KZT 4,214,134	USD 33,508	(1,320)
1	CHF 252,000	EUR 170,847	462
1	IDR 4,807,414,737	NZD 713,764	920
1	VND 1,538,778,167	NZD 126,978	11,773
1	USD 96,940	KRW 101,700,000	15,986
1	KZT 22,637,233	MXN 2,011,877	38,752
			1,386,034

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

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
26	EUR 4,889,725	USD 6,457,952	364,157
9	USD 1,137,373	EUR 886,643	(100,023)
			264,134

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

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
42	EUR 2,165,290	USD 2,746,908	275,242
19	USD 985,334	EUR 775,000	(96,354)
			178,888

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

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
5	SGD 9,353,207	USD 6,174,918	343,223
1	USD 138,234	SGD 208,000	(6,719)
			336,504

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

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
19	EUR 4,422,268	USD 5,949,758	218,439
10	USD 4,258,218	EUR 3,183,636	(182,331)
			36,108

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

(l) Franklin U.S. Total Return Fund				Unrealised profit/(loss) USD	
Number of contracts	Purchase	Sale	Purchase	Sale	USD
7	MYR 477,206	EUR 96,378			3,857
5	CNY 350,687	EUR 36,634			(829)
4	USD 1,617,152	EUR 1,083,156			108,785
3	EUR 721,845	USD 986,586			18,664
2	RUB 2,652,026	AUD 126,955			(16,561)
2	CNY 244,118	AUD 52,318			(1,547)
2	JPY 55,219,200	EUR 355,000			114,379
1	USD 303,573	JPY 28,885,000			(15,542)
1	VND 391,492,101	AUD 31,791			(740)
1	EUR 55,000	JPY 6,696,250			2,676
1	JPY 28,885,000	USD 288,763			30,352
1	USD 720,638	MXN 7,955,840			156,520
					400,014
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(m) Franklin Mutual Beacon Fund				Unrealised profit/(loss) USD	
Number of contracts	Purchase	Sale	Purchase	Sale	USD
80	EUR 30,102,734	USD 40,000,515			2,058,673
65	USD 140,597,149	EUR 101,930,720			(1,660,785)
16	DKK 49,927,932	USD 8,820,524			543,061
15	GBP 6,085,000	USD 10,632,669			(1,754,406)
13	CHF 4,571,683	USD 3,879,897			403,485
12	USD 1,937,500	KRW 2,502,379,375			(50,726)
9	SGD 3,741,997	USD 2,510,000			95,256
6	USD 27,949,484	CHF 29,630,183			189,170
6	USD 71,756,766	GBP 41,425,091			11,275,381
5	CAD 3,771,185	USD 3,018,140			79,494
5	USD 19,925,748	DKK 98,372,402			1,476,790
4	USD 18,878,938	NOK 133,107,431			(146,360)
4	NOK 15,820,242	USD 2,215,000			50,240
3	USD 63,436	SEK 439,300			7,305
2	USD 9,405,196	JPY 905,163,530			(581,845)
2	SEK 140,965	USD 18,405			(392)
2	USD 4,839,097	SGD 6,805,641			100,865
1	USD 5,911,649	CAD 7,507,794			(255,219)
1	JPY 70,000,000	USD 783,515			(11,176)
					11,818,811
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(n) Franklin Mutual Global Discovery Fund				Unrealised profit/(loss) USD	
Number of contracts	Purchase	Sale	Purchase	Sale	USD
64	USD 20,657,300	EUR 15,991,675			(1,662,681)
58	EUR 31,599,648	USD 40,364,200			3,740,221
54	EUR 6,138,281	GBP 5,402,100			686,614
51	GBP 4,231,000	EUR 4,687,853			(370,645)
10	GBP 20,116,057	USD 33,076,523			(3,705,773)
9	SEK 34,206,163	USD 4,626,972			(256,240)
7	DKK 19,600,000	USD 3,339,666			336,158
5	USD 4,050,000	KRW 5,065,087,500			25,618
3	CHF 17,510,000	USD 16,577,208			(172,211)
3	KRW 5,065,087,500	USD 3,730,541			293,842
1	USD 3,877,196	DKK 19,600,000			201,372
1	USD 16,652,401	CHF 17,510,000			247,404
1	USD 5,026,400	SEK 34,206,163			655,669
1	USD 35,017,529	GBP 20,116,057			5,646,778
					5,666,126
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## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

(o) Franklin Templeton Global Equity Strategies Fund

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
36	EUR 4,080,870	USD 5,414,891	280,882
5	USD 553,657	EUR 430,000	(46,505)
			234,377

(p) Franklin Templeton Global Fundamental Strategies Fund

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
66	USD 39,616,676	EUR 28,354,413	111,523
42	EUR 84,198,190	USD 108,299,943	9,217,268
29	JPY 1,580,903,877	EUR 10,362,066	3,077,697
16	MYR 15,392,405	EUR 3,118,365	118,474
16	SGD 5,200,777	EUR 2,509,034	124,437
15	EUR 2,509,034	SGD 4,908,568	78,879
14	CNY 15,149,794	USD 2,155,454	11,473
14	USD 4,038,031	MXN 44,479,000	891,756
11	RUB 100,717,199	MXN 44,228,086	(253,828)
9	TWD 79,165,752	EUR 1,754,295	(25,128)
9	CHF 6,899,314	KRW 6,582,306,250	1,236,681
8	CNY 20,424,658	EUR 2,153,424	(75,377)
8	KZT 135,117,896	USD 1,063,174	(11,787)
7	MYR 3,523,672	USD 996,975	27,964
7	JPY 246,946,020	USD 2,444,188	285,721
6	CZK 3,098,336	RON 471,145	679
5	VND 15,055,658,748	AUD 1,101,277	61,924
5	USD 763,826	KRW 722,117,340	190,375
4	IDR 61,669,472,962	NZD 9,121,743	33,522
3	RUB 54,768,548	AUD 2,615,176	(336,864)
3	MXN 28,639,470	USD 2,025,009	(78,867)
3	PEN 866,532	USD 319,407	(47,757)
3	MYR 866,828	GBP 143,996	40,687
3	VND 6,442,603,217	NZD 537,265	49,074
3	TWD 32,989,104	MXN 11,943,837	168,911
3	KZT 159,620,768	MXN 13,941,187	261,867
2	RUB 16,009,852	NZD 954,925	(103,683)
2	CNY 3,016,185	AUD 644,596	(17,830)
2	USD 778,247	JPY 71,878,120	(14,655)
2	PEN 5,157,346	MXN 19,032,099	283,091
1	SEK 11,194,245	EUR 1,084,136	(71,685)
1	INR 39,958,050	EUR 610,000	(37,840)
1	RUB 6,842,000	USD 204,544	(20,804)
1	GBP 115,515	SGD 252,689	(7,426)
1	INR 409,167	NZD 14,863	(159)
1	INR 6,942,896	MXN 1,875,039	9,315
1	CHF 551,650	USD 500,000	16,849
1	SGD 302,157	GBP 115,515	41,856
1	CHF 959,317	EUR 610,000	56,201
1	USD 310,915	GBP 160,000	77,597
1	SGD 1,968,056	KRW 1,498,950,000	174,213
			15,544,344

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

#### (q) Templeton Asian Bond Fund

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
20	EUR 4,395,880	USD 5,861,477	269,915
10	JPY 3,838,726,650	USD 37,335,743	5,041,058
7	CNY 130,802,454	EUR 13,776,836	(464,209)
7	MYR 58,169,071	EUR 11,748,074	470,116
6	JPY 2,569,885,800	EUR 16,217,190	5,901,120
5	INR 430,602,500	USD 10,198,739	(1,418,005)
5	KRW 48,969,700,000	CHF 42,300,565	(780,150)
5	KRW 49,766,169,840	USD 39,028,820	496,855
4	USD 3,210,247	EUR 2,400,601	(138,121)
3	USD 25,619,758	JPY 2,292,920,500	331,329
3	USD 50,711,386	KRW 49,766,169,840	11,185,710
3	CHF 55,593,837	KRW 48,969,700,000	13,231,437
2	USD 30,831,349	SGD 46,455,130	(1,473,777)
1	SGD 46,455,130	USD 33,889,065	(1,583,939)
1	MYR 64,910,000	USD 20,000,000	(1,215,574)
1	CNY 14,631,000	USD 2,113,543	(22,689)
1	INR 3,800,000	NZD 123,151	6,304
1	IDR 89,109,714,342	NZD 13,230,252	17,056
1	VND 467,500,000,000	USD 25,761,834	47,915
1	JPY 3,651,464,946	KRW 33,500,000,000	13,671,620
			43,573,971

#### (r) Templeton Asian Growth Fund

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
35	EUR 5,673,409	USD 7,689,940	223,353
10	USD 1,509,100	EUR 1,050,000	44,555
			267,908

#### (s) Templeton BRIC Fund

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
22	EUR 2,100,411	USD 2,822,873	106,788
2	USD 25,079	EUR 18,000	(27)
			106,761

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

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
19	MXN 1,476,765,586	USD 115,066,989	(10,341,186)
17	USD 129,493,655	MXN 1,445,350,007	26,836,940
5	USD 31,641,378	EUR 22,184,179	705,584
4	RUB 289,086,850	MXN 127,030,211	(807,383)
4	MYR 77,441,207	EUR 15,585,633	703,410
4	PEN 51,888,846	MXN 199,545,233	2,189,930
3	CRC 14,023,488,000	USD 27,600,000	(3,894,108)
3	JPY 934,925,600	EUR 5,998,336	2,021,438
2	PEN 9,526,432	USD 3,522,944	(537,250)
2	KZT 1,548,020,064	USD 12,313,212	(535,168)
2	CLP 3,056,245,565	USD 4,563,552	112,157
1	PLN 40,950,000	USD 16,217,180	(2,489,619)
1	KRW 18,600,000,000	USD 16,599,732	(1,841,732)
1	KRW 18,570,600,000	CHF 17,576,308	(1,728,412)
1	INR 326,881,423	MXN 94,009,785	(93,937)
1	KZT 581,900,224	MXN 50,685,965	685,533
1	USD 18,305,767	PLN 40,950,000	4,578,206
1	USD 19,649,271	KRW 18,600,000,000	4,891,271
1	CHF 21,383,368	KRW 18,570,600,000	5,294,346
			25,750,020

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

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

Number of contracts	Purchase	Sale	Unrealised profit/(loss) EUR
1	NOK 77,400,000	EUR 8,775,510	(828,242)
1	SEK 70,000,000	EUR 6,999,300	(589,528)
			(1,417,770)

#### (v) Templeton Frontier Markets Fund

Number of contracts	Purchase	Sale	Unrealised profit/(loss) EUR
9	USD 891,163	EUR 692,000	(75,793)
8	EUR 2,666,573	USD 3,629,000	97,097
			21,304

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

Number of contracts	Purchase	Sale	Unrealised profit/(loss) EUR
5	EUR 5,520,075	USD 7,686,200	8,318
5	EUR 2,002,743	GBP 1,867,600	49,708
4	EUR 763,345	CHF 1,172,000	(24,513)
3	GBP 95,800	EUR 101,318	(1,136)
3	USD 348,900	EUR 250,531	(335)
3	CHF 48,100	EUR 31,606	728
			32,770

#### (x) Templeton Global Balanced Fund

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
26	EUR 2,129,497	USD 2,851,226	119,004
4	RUB 283,394,810	MXN 123,633,871	(784,529)
3	MXN 244,315,350	USD 17,274,785	(672,791)
3	CLP 1,358,634,812	MXN 30,873,124	(79,802)
3	USD 74,365	EUR 53,000	440
3	PEN 23,291,894	MXN 89,730,459	936,967
2	MYR 13,730,000	EUR 2,725,266	181,238
2	JPY 2,584,928,427	USD 26,331,045	2,371,992
1	AUD 9,011,293	USD 7,711,864	(1,354,658)
1	CNY 862,000	EUR 93,593	(6,764)
1	CNY 684,000	USD 93,570	4,271
1	IDR 38,021,178,276	NZD 5,645,061	7,278
1	EUR 1,242,874	SGD 2,420,000	46,952
1	SGD 2,420,000	EUR 1,163,182	63,949
1	KRW 10,750,000,000	CHF 9,003,350	104,305
1	KZT 191,195,788	MXN 16,653,960	225,247
1	USD 2,183,189	MXN 24,930,931	379,848
1	INR 237,325,000	NZD 7,691,273	393,706
1	CHF 33,186,470	KRW 29,150,000,000	7,935,344
			9,871,997

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

(y) Templeton Global Bond Fund

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
71	USD 2,787,905,019	EUR 1,896,100,939	143,560,788
56	EUR 1,374,433,781	USD 1,853,288,016	66,137,290
40	JPY 292,976,134,626	EUR 1,961,405,782	505,487,059
24	GBP 3,377,181	USD 5,457,010	(526,516)
21	MYR 1,919,891,613	EUR 386,178,076	18,069,787
16	EUR 537,012,108	SGD 1,046,874,010	19,756,676
16	SGD 1,117,897,922	EUR 534,116,014	33,698,840
15	CNY 3,699,879,615	USD 526,673,537	2,490,578
15	USD 825,332,569	MXN 9,252,500,342	164,303,760
13	JPY 32,596,788,148	USD 326,193,344	33,769,353
11	KZT 25,591,827,985	USD 199,481,021	(1,838,277)
9	RUB 4,100,855,953	MXN 1,793,910,438	(10,276,721)
9	TWD 4,442,667,894	EUR 96,461,763	1,314,579
9	IDR 1,486,298,000,000	USD 108,423,986	15,589,295
8	MXN 6,583,032,479	USD 495,076,159	(34,772,069)
8	CNY 2,264,982,026	EUR 239,112,007	(8,767,625)
8	SGD 14,565,432	USD 9,831,658	310,517
7	MYR 523,203,256	USD 147,905,412	4,276,395
6	USD 181,107,940	JPY 16,604,848,847	(2,137,301)
6	CHF 321,941,262	KRW 294,966,805,240	67,490,030
5	RUB 3,141,328,320	EUR 83,101,783	(26,517,638)
5	VND 899,058,670,399	AUD 65,776,087	3,688,405
5	PEN 351,500,623	MXN 1,319,518,999	17,213,536
5	USD 373,486,063	KRW 355,068,727,839	91,509,539
3	RUB 3,268,245,080	AUD 156,056,831	(20,101,541)
3	PEN 60,597,897	USD 22,335,421	(3,338,435)
3	CLP 17,201,123,201	MXN 390,876,927	(1,010,691)
3	VND 259,627,535,141	NZD 22,664,107	1,523,456
3	INR 2,521,650,310	NZD 81,913,240	4,134,928
3	MYR 268,068,915	GBP 44,531,170	12,582,461
3	TWD 3,496,784,833	MXN 1,263,866,056	17,971,086
3	USD 103,127,014	GBP 53,096,000	25,700,262
3	KZT 18,659,255,874	MXN 1,631,741,842	28,510,283
2	RUB 1,339,490,000	USD 40,925,890	(5,031,730)
2	CNY 179,586,997	AUD 38,382,183	(1,063,138)
2	CHF 84,044,265	EUR 56,945,652	201,208
2	CLP 23,418,281,034	USD 34,967,914	859,396
2	INR 1,116,929,137	MXN 305,293,250	1,159,420
1	SEK 425,000,000	EUR 44,187,521	(6,933,170)
1	INR 1,500,000,000	USD 34,674,064	(4,133,651)
1	GBP 35,723,260	SGD 78,144,631	(2,296,552)
1	PEN 34,429,500	EUR 8,199,921	(636,856)
1	IDR 466,634,877,122	NZD 70,310,221	(509,025)
1	USD 509,154	SGD 737,000	(4,033)
1	EUR 18,000,000	JPY 2,273,940,000	23,261
1	VND 185,213,815,000	USD 9,629,000	370,961
1	CHF 99,738,320	USD 90,400,000	3,046,265
1	VND 246,637,714,249	MXN 147,006,772	3,418,409
1	KRW 81,377,742,000	USD 58,044,039	6,544,888
1	SGD 93,442,760	GBP 35,723,260	12,944,119
			1,177,761,861

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

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

Number of contracts	Purchase		Sale		Unrealised profit/(loss) EUR
16	EUR	45,613,252	MXN	750,008,610	7,604,616
12	EUR	15,604,805	NZD	33,389,955	1,805,972
9	EUR	11,013,448	USD	16,132,729	(568,664)
9	EUR	27,264,571	PLN	94,199,840	4,641,369
7	CNY	24,912,818	EUR	2,623,955	(63,596)
7	EUR	22,695,876	IDR	327,880,968,955	1,808,203
5	PLN	37,439,113	EUR	10,798,368	(1,803,090)
5	VND	16,002,399,191	AUD	1,170,705	47,143
4	EUR	17,618,409	BRL	48,301,765	3,237,346
3	RUB	58,129,653	AUD	2,775,674	(257,158)
3	NZD	6,589,923	EUR	2,937,750	(192,858)
3	MXN	43,200,453	USD	3,054,571	(85,613)
3	EUR	11,112,425	KRW	16,091,000,800	1,950,432
2	CNY	3,206,448	AUD	685,278	(13,645)
2	JPY	156,242,800	EUR	1,002,735	242,493
1	MXN	113,200,000	EUR	6,807,221	(954,716)
1	SEK	34,284,109	EUR	3,639,058	(484,942)
1	IDR	95,000,000,000	EUR	6,493,506	(285,059)
1	MYR	4,059,278	EUR	902,549	(53,775)
1	CNY	2,787,000	USD	402,600	(3,109)
1	CHF	7,127,789	KRW	6,190,200,000	1,263,255
					17,834,604

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

Number of contracts	Purchase		Sale		Unrealised profit/(loss) USD
7	CNY	1,478,958	EUR	155,772	(5,249)
6	USD	454,237	EUR	321,825	6,569
3	MXN	1,930,110	USD	136,472	(5,315)
2	RUB	9,432,105	MXN	4,095,864	(25,682)
1	CNY	165,000	USD	23,835	(256)
1	USD	8,435	MXN	90,000	2,197
1	KRW	25,000,000	USD	17,373	2,463
1	EUR	28,711	USD	36,328	3,580
1	USD	105,641	KRW	100,000,000	26,298
					4,605

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

(ab) Templeton Global Income Fund

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
35	USD 22,870,216	EUR 15,183,048	1,702,379
27	JPY 1,581,045,267	EUR 10,251,297	3,160,549
18	MYR 16,680,226	EUR 3,379,086	121,402
15	EUR 7,562,309	SGD 14,710,972	300,702
15	SGD 15,841,209	EUR 7,562,309	485,834
9	TWD 67,713,804	EUR 1,470,771	19,194
9	CNY 32,977,409	USD 4,673,211	45,215
8	EUR 4,363,302	USD 5,794,165	294,493
7	MYR 5,943,203	USD 1,678,941	49,703
6	CZK 21,294,213	RON 3,238,081	4,660
5	USD 7,089,025	MXN 79,325,724	1,431,170
4	SEK 47,815,382	EUR 5,114,721	(1,009,163)
4	KZT 287,163,719	USD 2,242,419	27,280
4	MYR 7,405,514	GBP 1,212,275	373,676
3	RUB 77,463,960	EUR 2,094,091	(720,231)
3	MXN 31,449,478	USD 2,223,696	(86,605)
3	VND 5,506,495,612	NZD 459,201	41,945
2	NOK 4,355,000	USD 796,615	(172,209)
2	RUB 13,683,644	NZD 816,175	(88,618)
2	PEN 1,012,308	USD 374,359	(57,089)
2	INR 63,290,246	MXN 18,223,822	(18,636)
2	INR 22,800,000	NZD 740,044	37,582
2	PEN 1,335,323	MXN 5,349,878	39,885
2	KZT 56,985,714	MXN 4,989,631	77,838
1	GBP 573,759	SGD 1,255,098	(36,885)
1	KRW 504,500,000	CHF 448,939	(20,137)
1	PEN 819,750	EUR 195,236	(15,163)
1	RUB 4,424,722	MXN 1,991,235	(13,668)
1	JPY 10,865,000	USD 118,639	1,562
1	IDR 8,728,362,425	NZD 1,295,913	1,671
1	USD 122,065	JPY 10,865,000	1,864
1	CHF 503,946	KRW 504,500,000	71,702
1	SGD 1,500,804	GBP 573,759	207,898
1	USD 1,671,169	GBP 860,000	417,085
			6,676,885

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

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

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
72	EUR 590,263,140	USD 783,774,514	40,513,764
71	USD 968,854,506	EUR 658,041,326	50,898,455
35	JPY 70,535,740,912	EUR 460,698,159	137,394,479
21	GBP 31,422,205	USD 49,550,695	(3,703,758)
19	MYR 877,064,189	EUR 179,634,275	4,187,334
16	JPY 15,432,916,614	USD 155,945,267	14,580,172
15	SGD 323,064,114	EUR 154,285,005	9,830,102
14	EUR 154,285,005	SGD 290,276,561	12,985,253
13	PLN 89,004,322	USD 33,561,616	(3,616,264)
12	MXN 3,429,782,048	USD 254,323,643	(12,740,842)
12	KZT 14,758,358,862	USD 115,992,658	(2,732,532)
12	EUR 181,720,655	JPY 22,583,854,997	3,794,099
11	USD 288,142,162	MXN 3,207,366,310	59,683,100
9	TWD 1,672,271,196	EUR 36,320,396	477,214
8	RUB 1,127,495,578	MXN 501,382,562	(3,337,474)
8	CNY 710,430,109	EUR 74,863,518	(2,570,323)
8	USD 33,342,466	GBP 17,354,000	8,034,319
6	CZK 823,970,216	RON 125,296,121	180,308
6	USD 70,258,870	JPY 6,345,894,464	194,708
5	SEK 1,816,467,854	EUR 191,319,265	(33,764,381)
5	USD 4,134,526	PLN 12,205,000	28,174
5	PEN 160,782,782	MXN 626,479,554	6,067,633
4	CLP 5,062,244,194	MXN 111,294,328	(30,127)
4	VND 245,224,655,000	AUD 17,369,747	1,431,491
4	TWD 1,344,779,958	MXN 483,819,221	7,136,252
4	USD 65,754,746	KRW 62,401,701,000	16,206,023
4	MYR 350,225,123	GBP 57,229,512	17,806,955
3	RUB 1,569,329,550	EUR 42,399,092	(14,452,375)
3	RUB 1,149,609,445	AUD 54,893,231	(7,070,773)
3	INR 208,183,711	NZD 6,769,056	337,337
3	KRW 50,586,513,000	USD 38,743,610	1,420,532
3	CHF 49,055,750	KRW 47,433,490,500	8,313,032
2	SEK 300,464,816	USD 46,691,332	(8,281,154)
2	CRC 18,475,776,000	USD 35,200,000	(4,109,254)
2	PEN 56,516,529	USD 20,900,224	(3,187,288)
2	NOK 35,555,000	USD 6,366,785	(1,270,211)
2	CAD 2,850,000	USD 2,787,458	(445,845)
2	INR 827,647,321	MXN 238,219,896	(241,789)
2	KZT 1,670,791,111	MXN 146,005,125	2,163,209
1	MYR 304,668,846	USD 94,971,585	(6,839,529)
1	PLN 64,139,769	EUR 18,716,011	(4,746,741)
1	GBP 11,197,312	SGD 24,494,120	(719,845)
1	PEN 19,127,500	EUR 4,555,512	(353,809)
1	INR 88,255,000	USD 2,152,561	(349,935)
1	SGD 5,793,090	USD 4,247,756	(214,203)
1	USD 3,835,214	SGD 5,793,090	(198,340)
1	IDR 214,013,824,707	NZD 32,009,247	(101,771)
1	IDR 5,300,000,000	USD 537,253	(75,982)
1	CNY 9,059,000	USD 1,239,261	56,571
1	IDR 52,330,500,159	MXN 57,816,091	447,823
1	MYR 17,933,031	MXN 57,816,091	1,204,654
1	SGD 29,289,257	GBP 11,197,312	4,057,282
			294,275,730

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

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
16	EUR 804,321	USD 1,075,964	45,907
6	USD 119,658	EUR 88,841	(4,257)
			41,650

#### CURRENCY ABBREVIATIONS

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

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

#### Franklin Strategic Income Fund

Nominal	Description	Counterparty	Buy/Sell protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
3,234,000	LCDX.NA.10, Jun. 2013	JPMorgan Chase Bank	Sell	USD	(674,612)	(613,867)

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

Nominal	Description	Counterparty	Buy/Sell protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
(300,000)	Cox Communications, Inc., Jun. 2013	JPMorgan Chase Bank	Buy	USD	12,819	12,819
980,000	LCDX.NA.10, Jun. 2013	JPMorgan Chase Bank	Sell	USD	(204,428)	(176,204)
300,000	Time Warner Cable, Inc., Jun. 2013	JPMorgan Chase Bank	Sell	USD	(20,002)	(20,002)
						(183,387)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

#### Templeton Emerging Markets Bond Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
408,600,000	Receiving fixed rate 9.30%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	20-Sep-28	MXN	2,205,209
220,000,000	Receiving fixed rate 9.144%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	3-Oct-18	MXN	876,575
238,500,000	Receiving fixed rate 9.69%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	26-Sep-28	MXN	1,942,766
					5,024,550

#### Templeton Global Bond Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
46,650,000	Receiving fixed rate 6.315%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	15-Feb-13	CLP	1,211
46,650,000	Receiving fixed rate 6.34%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	15-Feb-18	CLP	2,483
4,640,000,000	Receiving fixed rate 6.25%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	19-Feb-13	CLP	86,049
9,280,000,000	Receiving fixed rate 6.22%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	19-Feb-13	CLP	156,360
4,640,000,000	Receiving fixed rate 6.28%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	19-Feb-18	CLP	188,680
9,280,000,000	Receiving fixed rate 6.24%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	19-Feb-18	CLP	336,749
4,650,000,000	Receiving fixed rate 6.23%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	20-Feb-13	CLP	81,224
6,975,000,000	Receiving fixed rate 6.21%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	20-Feb-13	CLP	113,944
34,875,000,000	Receiving fixed rate 6.26%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	20-Feb-18	CLP	1,367,062
8,225,000,000	Receiving fixed rate 6.30%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	22-Feb-13	CLP	182,715
24,675,000,000	Receiving fixed rate 6.31%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	22-Feb-18	CLP	1,111,241
3,498,750,000	Receiving fixed rate 6.35%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	28-Feb-18	CLP	169,321
3,498,750,000	Receiving fixed rate 6.32%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	28-Feb-13	CLP	79,087

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, 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
12,245,625,000	Receiving fixed rate 6.34%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	28-Feb-18	CLP	579,195
24,491,250,000	Receiving fixed rate 6.30%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	28-Feb-13	CLP	330,321
30,125,000,000	Receiving fixed rate 6.36%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	4-Mar-13	CLP	759,972
11,943,750,000	Receiving fixed rate 6.37%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	4-Mar-13	CLP	308,128
22,181,250,000	Receiving fixed rate 6.40%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	5-Mar-18	CLP	1,199,154
6,660,000,000	Receiving fixed rate 6.37%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	12-Mar-18	CLP	339,454
10,065,600,000	Receiving fixed rate 6.51%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	8-May-18	CLP	673,630
5,032,800,000	Receiving fixed rate 6.50%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	8-May-18	CLP	331,194
10,152,000,000	Receiving fixed rate 6.62%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	14-May-18	CLP	791,293
5,076,000,000	Receiving fixed rate 6.61%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	14-May-18	CLP	389,978
20,034,300,000	Receiving fixed rate 6.68%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	15-May-18	CLP	1,720,391
6,325,200,000	Receiving fixed rate 7.85%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	11-Jul-18	CLP	1,403,985
6,350,400,000	Receiving fixed rate 7.855%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	17-Jul-18	CLP	1,405,620
50,120,000	Receiving fixed rate 7.16%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	31-Jul-13	NZD	2,995,411
50,330,000	Receiving fixed rate 7.12%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	1-Aug-13	NZD	2,965,706
50,330,000	Receiving fixed rate 7.055%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	4-Aug-13	NZD	2,896,064
100,660,000	Receiving fixed rate 7.035%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	5-Aug-13	NZD	5,744,397
25,165,000	Receiving fixed rate 7.05%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	6-Aug-13	NZD	1,445,042
25,165,000	Receiving fixed rate 7.05%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	7-Aug-13	NZD	1,444,527
26,647,200	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	14-Aug-13	NZD	1,503,119
103,600,000	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	26-Aug-13	NZD	5,902,638
103,600,000	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	29-Aug-13	NZD	5,902,638
53,790,000	Receiving fixed rate 5.3075%				
	Paying floating rate NZD-BBR-FRA	Citigroup	5-Dec-13	NZD	904,135
107,580,000	Receiving fixed rate 5.60%				
	Paying floating rate NZD-BBR-FRA	Citigroup	5-Dec-18	NZD	3,217,206
3,458,000,000	Receiving fixed rate 9.144%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	3-Oct-18	MXN	13,778,171
286,875,000	Receiving fixed rate 8.6748%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	29-Nov-18	MXN	473,598
					63,281,093

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

#### Templeton Global Bond (Euro) Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) EUR
1,210,000	Receiving fixed rate 5.3075%	Citigroup	5-Dec-13	NZD	14,545
	Paying floating rate				
2,420,000	Receiving fixed rate 5.60%	Citigroup	5-Dec-18	NZD	51,756
	Paying floating rate				
					66,301

#### Templeton Global Total Return Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
50,000,000	Receiving fixed rate 6.34%	JPMorgan Chase Bank	12-Feb-18	CLP	2,374
	Paying floating rate TNA Indice Camara Promedio				
16,794,000,000	Receiving fixed rate 6.315%	JPMorgan Chase Bank	15-Feb-13	CLP	435,905
	Paying floating rate TNA Indice Camara Promedio				
16,794,000,000	Receiving fixed rate 6.34%	JPMorgan Chase Bank	15-Feb-18	CLP	893,741
	Paying floating rate TNA Indice Camara Promedio				
3,525,000,000	Receiving fixed rate 6.30%	JPMorgan Chase Bank	22-Feb-13	CLP	78,306
	Paying floating rate TNA Indice Camara Promedio				
10,575,000,000	Receiving fixed rate 6.31%	JPMorgan Chase Bank	22-Feb-18	CLP	476,246
	Paying floating rate TNA Indice Camara Promedio				
1,166,250,000	Receiving fixed rate 6.35%	JPMorgan Chase Bank	28-Feb-18	CLP	56,440
	Paying floating rate TNA Indice Camara Promedio				
1,166,250,000	Receiving fixed rate 6.32%	JPMorgan Chase Bank	28-Feb-13	CLP	26,362
	Paying floating rate TNA Indice Camara Promedio				
4,081,875,000	Receiving fixed rate 6.34%	JPMorgan Chase Bank	28-Feb-18	CLP	193,065
	Paying floating rate TNA Indice Camara Promedio				
8,163,750,000	Receiving fixed rate 6.30%	JPMorgan Chase Bank	28-Feb-13	CLP	110,107
	Paying floating rate TNA Indice Camara Promedio				
10,825,000,000	Receiving fixed rate 6.36%	JPMorgan Chase Bank	4-Mar-13	CLP	273,086
	Paying floating rate TNA Indice Camara Promedio				
3,981,250,000	Receiving fixed rate 6.37%	JPMorgan Chase Bank	4-Mar-13	CLP	102,709
	Paying floating rate TNA Indice Camara Promedio				
7,393,750,000	Receiving fixed rate 6.40%	JPMorgan Chase Bank	5-Mar-18	CLP	399,718
	Paying floating rate TNA Indice Camara Promedio				
2,220,000,000	Receiving fixed rate 6.37%	JPMorgan Chase Bank	12-Mar-18	CLP	113,151
	Paying floating rate TNA Indice Camara Promedio				
3,308,600,000	Receiving fixed rate 6.51%	JPMorgan Chase Bank	8-May-18	CLP	221,425
	Paying floating rate TNA Indice Camara Promedio				
1,631,000,000	Receiving fixed rate 6.50%	JPMorgan Chase Bank	8-May-18	CLP	107,331
	Paying floating rate TNA Indice Camara Promedio				
3,337,000,000	Receiving fixed rate 6.62%	JPMorgan Chase Bank	14-May-18	CLP	260,101
	Paying floating rate TNA Indice Camara Promedio				
1,645,000,000	Receiving fixed rate 6.61%	JPMorgan Chase Bank	14-May-18	CLP	126,382
	Paying floating rate TNA Indice Camara Promedio				
6,678,100,000	Receiving fixed rate 6.68%	JPMorgan Chase Bank	15-May-18	CLP	573,464
	Paying floating rate TNA Indice Camara Promedio				
2,259,000,000	Receiving fixed rate 7.85%	JPMorgan Chase Bank	11-Jul-18	CLP	501,423
	Paying floating rate TNA Indice Camara Promedio				
8,950,000	Receiving fixed rate 7.05%	JPMorgan Chase Bank	7-Aug-13	CLP	513,750
	Paying floating rate TNA Indice Camara Promedio				
2,447,010,000	Receiving fixed rate 7.50%	JPMorgan Chase Bank	7-Aug-18	CLP	450,288
	Paying floating rate TNA Indice Camara Promedio				
36,400,000	Receiving fixed rate 7.00%	JPMorgan Chase Bank	29-Aug-13	CLP	2,073,900
	Paying floating rate TNA Indice Camara Promedio				
4,307,700,000	Receiving fixed rate 7.67%	JPMorgan Chase Bank	29-Aug-18	CLP	866,150
	Paying floating rate TNA Indice Camara Promedio				
2,268,000,000	Receiving fixed rate 7.855%	JPMorgan Chase Bank	17-Jul-18	NZD	502,007
	Paying floating rate NZD-BBR-FRA				
17,840,000	Receiving fixed rate 7.16%	JPMorgan Chase Bank	31-Jul-13	NZD	1,066,204
	Paying floating rate NZD-BBR-FRA				
17,900,000	Receiving fixed rate 7.12%	JPMorgan Chase Bank	1-Aug-13	NZD	1,054,761
	Paying floating rate NZD-BBR-FRA				
17,900,000	Receiving fixed rate 7.055%	JPMorgan Chase Bank	4-Aug-13	NZD	1,029,993
	Paying floating rate NZD-BBR-FRA				
35,800,000	Receiving fixed rate 7.035%	JPMorgan Chase Bank	5-Aug-13	NZD	2,043,010
	Paying floating rate NZD-BBR-FRA				
8,950,000	Receiving fixed rate 7.05%	JPMorgan Chase Bank	6-Aug-13	NZD	513,933
	Paying floating rate NZD-BBR-FRA				

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

#### Templeton Global Total Return Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
2,442,240,000	Receiving fixed rate 7.50%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	13-Aug-18	NZD	446,796
9,475,200	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	14-Aug-13	NZD	534,478
36,400,000	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	26-Aug-13	NZD	2,073,900
985,000,000	Receiving fixed rate 9.16%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	27-Sep-18	MXN	4,001,348
406,400,000	Receiving fixed rate 9.30%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	20-Sep-28	MXN	2,193,336
907,700,000	Receiving fixed rate 9.50%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	21-Sep-28	MXN	6,178,274
401,000,000	Receiving fixed rate 9.78%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	28-Sep-28	MXN	3,521,313
					34,014,777

### Note 7 — Open positions on futures contracts

As at December 31, 2008, the Company had entered into the following outstanding contracts:

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

Number of contracts	Description	Trading currency	Market value USD	Unrealised profit/(loss) USD
12	U.S. Treasury Note, Mar. 2009	USD	1,308,375	24,121
3	U.S. Treasury Bond, Mar. 2009	USD	414,141	36,328
5	U.S. Treasury Note, Mar. 2009	USD	595,273	15,000
				75,449

### Note 8 — Open positions on options contracts

As at December 31, 2008, the Company had entered into the following outstanding contracts:

#### Franklin Mutual Beacon Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Purchase	Abovenet, Inc., 20.95 Calls, Sep. 2013	USD	40	90	154
Sale	Yahoo, Inc., 15 Calls, Jan. 2009	USD	(17)	(306)	1,303
	Yahoo, Inc., 14 Calls, Jan. 2009	USD	(436)	(13,516)	48,000
	Yahoo, Inc., 12.5 Calls, Jan. 2009	USD	(210)	(16,170)	27,644
				(29,902)	77,101

#### Franklin Mutual European Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value EUR	Unrealised profit/(loss) EUR
Sale	Pernod Ricard SA, 52 Calls, Jun. 2009	EUR	(441)	(339,129)	(71,111)
	Deutsche Boerse AG, 64 Calls, Jun. 2009	EUR	(1,034)	(298,826)	388,784
	Pernod Ricard SA, 52 Calls, Jun. 2009	EUR	(1,995)	(1,578,045)	(293,973)
	Vodafone Group Plc, 1 Puts, Mar. 2009	GBP	(3,766)	(98,341)	276,891
	Axa SA, 9.6 Puts, Mar. 2009	EUR	(94,544)	(425,448)	808,351
	Anglo American Plc, 11 Puts, Mar. 2009	GBP	(348)	(283,524)	525,412
	Arcelormittal, 14 Puts, Mar. 2009	EUR	(3,186)	(461,970)	258,385
				(3,485,283)	1,892,739

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

#### Franklin Mutual Global Discovery Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Sale	Microsoft Corp, 26 Calls, Apr. 2009	USD	(191)	(4,584)	12,175
	Lorillard Inc, 70 Calls, Mar. 2009	USD	(20)	(1,000)	6,774
	Reynolds American Inc, 45 Calls, Feb. 2009	USD	(100)	(5,900)	13,900
	Imperial Tobacco Group Plc, 18 Calls, Mar. 2009	GBP	(72)	(141,440)	(58,093)
	Deutsche Boerse AG, 64 Calls, Mar. 2009	EUR	(116)	(19,140)	60,607
	British American Tobacco Plc, 18 Calls, Mar. 2009	GBP	(17)	(30,416)	996
	Koninklijke KPN NV, 11 Calls, Mar. 2009	EUR	(312)	(17,451)	22,673
	Groupe Danone, 48 Calls, Mar. 2009	EUR	(320)	(68,013)	64,413
	Nestle SA, 48 Calls, Mar. 2009	CHF	(198)	(5,377)	15,388
	Cadbury Plc, 6 Calls, Mar. 2009	GBP	(35)	(23,004)	(4,484)
	GDF Suez, 36 Calls, Mar. 2009	EUR	(200)	(77,186)	(12,113)
	Pernod Ricard SA, 52 Calls, Mar. 2009	EUR	(148)	(116,949)	(67,732)
	Reynolds American Inc, 45 Calls, May 2009	USD	(7)	(945)	966
	Pernod Ricard SA, 52 Calls, Jun. 2009	EUR	(58)	(62,367)	(16,046)
	Cadbury Plc, 6.4 Calls, Jun. 2009	GBP	(71)	(44,591)	(9,237)
	Deutsche Boerse AG, 64 Calls, Jun. 2009	EUR	(60)	(24,247)	31,859
	Imperial Tobacco Group Plc, 18 Calls, Jun. 2009	GBP	(81)	(233,651)	(54,089)
	British American Tobacco Plc, 18 Calls, Jun. 2009	GBP	(16)	(40,194)	(2,919)
	Pernod Ricard SA, 52 Calls, Jun. 2009	EUR	(258)	(285,362)	(55,541)
	Imperial Tobacco Group Plc, 18 Calls, Mar. 2009	GBP	(40)	(78,578)	(59,161)
	British American Tobacco Plc, 18 Calls, Mar. 2009	GBP	(40)	(71,567)	27,936
				<u>(1,351,962)</u>	<u>(81,728)</u>

#### Franklin Templeton Global Equity Strategies Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Sale	Lorillard Inc., 70 Calls, Mar. 2009	USD	(1)	(50)	327
	Reynolds American Inc., 45 Calls, Feb. 2009	USD	(2)	(118)	278
				<u>(168)</u>	<u>605</u>

#### Franklin Templeton Global Fundamental Strategies Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Purchase	Currency Option – USD Call / BRL Put, 2.05, Jan. 2009	USD	1,000	13,164	9,414
Sale	Microsoft Corp., 26 Calls, Apr. 2009	USD	(35)	(840)	2,231
	Lorillard Inc., 70 Calls, Mar. 2009	USD	(3)	(150)	1,003
	Reynolds American Inc., 45 Calls, Feb. 2009	USD	(39)	(2,301)	5,421
				<u>9,873</u>	<u>18,069</u>

#### Templeton Emerging Markets Bond Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Purchase	Currency Option – USD Call / BRL Put, 2.05, Jan. 2009	USD	1,000	13,164	9,414

#### Templeton Global Balanced Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Purchase	Currency Option – USD Call / BRL Put, 2.05, Jan. 2009	USD	1,000	13,164	9,414

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

As at December 31, 2008, the Company had entered into the following outstanding contracts:

#### Templeton Global Bond Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Purchase	Currency Option – USD Call / BRL Put, 2.05, Jan. 2009	USD	1,000	13,164	9,414

#### Templeton Global Bond (Euro) Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value EUR	Unrealised profit/(loss) EUR
Purchase	Currency Option – USD Call / BRL Put, 2.05, Jan. 2009	USD	1,000	9,414	6,875

#### Templeton Global High Yield Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Purchase	Currency Option – USD Call / BRL Put, 2.05, Jan. 2009	USD	1,000	13,164	9,414

#### Templeton Global Income Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Purchase	Currency Option – USD Call / BRL Put, 2.05, Jan. 2009	USD	1,000	13,164	9,414

#### Templeton Global Total Return Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Purchase	Currency Option – USD Call / BRL Put, 2.05, Jan. 2009	USD	2,000	26,328	18,578

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

### Note 9 — Securities lending

The total market value of the securities lent on December 31, 2008 is USD 503,241 and the corresponding value of the collateral is USD 529,740.

The market value per sub-fund is as follows:

	Market value of loaned securities USD
Franklin Mutual European Fund	503,241

### 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 Company at the end of each relevant quarter (except the Templeton Euro Liquid Reserve Fund and the Templeton U.S. Dollar Liquid Reserve Fund for which the rate is 0.01%). This tax is not applicable for the portion of the assets of a Fund invested in other undertakings for collective investment that have already been subject to such tax. Class I shares may benefit from a reduced rate of 0.01% per annum if all shareholders of this Class of Shares are institutional investors.

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

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

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

The Company shall apply to the U.K. tax authorities for certification as a “distributing fund” within the meaning of schedule 27 of the U.K. Income and Corporation Taxes Act 1988 in respect of certain distribution share classes offered by the Company and for the accounting period ending December 31, 2008.

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

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

### Note 12 — Equalisation

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

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

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

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

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

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

Franklin Templeton Investment Funds	Base Currency	Alternative Currency	Alternative Currency Hedged	A(acc)	A(mdis)	A(qdis)	A(ydis)	AX(acc)	B(acc)	B(mdis)	B(qdis)	B(ydis)	C(acc)	C(mdis)	C(qdis)	C(ydis)	I(acc)	I(mdis)	I(qdis)	I(ydis)	N(acc)	N(mdis)	N(qdis)
Templeton BRIC Fund	USD			✓					✓				✓								✓		
		EUR																				✓	
		GBP																					✓
		SGD																					✓
		EUR (H1)		✓																			✓
Templeton China Fund	USD			✓									✓										✓
		EUR																					✓
		GBP																					✓
		SGD		✓																			✓
Templeton Eastern Europe Fund	EUR			✓																			✓
		GBP											✓										✓
		SGD		✓																			✓
		USD		✓																			✓
Templeton Emerging Markets Fund	USD			✓					✓				✓										✓
		EUR																					✓
		SGD		✓																			✓
Templeton Emerging Markets Bond Fund	USD					✓							✓								✓		✓
		EUR																					✓
Templeton Emerging Markets Smaller Companies Fund	USD			✓									✓										✓
		EUR																					✓
		GBP		✓																			✓
Templeton Euro Liquid Reserve Fund	EUR			✓																			✓
Templeton Euroland Fund	EUR			✓									✓										✓
		USD							✓				✓										✓
Templeton Euroland Bond Fund	EUR			✓																			✓
Templeton European Fund	EUR			✓									✓										✓
		SGD		✓																			✓
		USD		✓																			✓
Templeton European Total Return Fund	EUR			✓	✓								✓								✓		✓
		USD		✓	✓									✓									✓
Templeton Frontier Markets Fund	USD			✓					✓				✓										✓
		EUR																					✓
		GBP		✓																			✓
		SGD		✓																			✓
		EUR (H1)		✓																			✓
Templeton Global Fund	USD			✓					✓				✓										✓
		SGD		✓																			✓
Templeton Global (Euro) Fund	EUR			✓																			✓
		USD							✓														✓
		EUR (H2)		✓																			✓
Templeton Global Bond Fund	USD			✓		✓			✓														✓
		EUR																					✓
		SGD		✓																			✓
		EUR (H1)		✓																			✓
		EUR		✓	✓				✓													✓	✓
		GBP		✓	✓																	✓	✓
		SGD		✓	✓																	✓	✓
		EUR (H1)		✓	✓																	✓	✓
		GBP (H1)		✓	✓																	✓	✓
		SGD (H1)		✓	✓																	✓	✓
Templeton Global Bond (Euro) Fund	EUR			✓																			✓
		USD							✓														✓
Templeton Global Equity Income Fund	USD			✓		✓							✓										✓
		EUR		✓																			✓
		JPY																					✓
		SGD		✓																			✓
Templeton Global High Yield Fund	USD			✓	✓																		✓
		EUR		✓	✓																		✓
		GBP		✓	✓																		✓
Templeton Global Income Fund	USD			✓		✓							✓										✓
		EUR		✓																			✓
Templeton Global Smaller Companies Fund	USD			✓					✓														✓
		EUR											✓										✓
		SGD		✓																			✓
Templeton Global Total Return Fund	USD			✓	✓				✓	✓													✓
		CHF																					✓
		EUR		✓	✓																		✓
		GBP		✓	✓																		✓
		SGD		✓	✓																		✓
		EUR (H1)		✓	✓																		✓
		GBP (H1)		✓	✓																		✓
		PLN (H1)		✓	✓																		✓
Templeton Growth (Euro) Fund	EUR			✓					✓				✓										✓
		USD																					✓
Templeton Korea Fund	USD			✓									✓										✓
		SGD		✓																			✓
Templeton Latin America Fund	USD			✓					✓				✓										✓
		EUR																					✓
		GBP		✓																			✓
		SGD		✓																			✓
Templeton Thailand Fund	USD			✓					✓														✓
		SGD		✓																			✓
Templeton U.S. Dollar Liquid Reserve Fund	USD			✓	✓								✓										✓
Templeton U.S. Value Fund	USD			✓					✓				✓										✓
		EUR		✓																			✓
		GBP		✓																			✓
		EUR (H1)		✓																			✓

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

### Note 14 — Soft commission

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

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

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

### Note 15 — Connected party transactions

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

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

There are no connected brokers in Franklin Templeton Investments, and no transactions were entered into with connected brokers during the period ended December 31, 2008.

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 period ended December 31, 2008:

> Administration and Transfer Agency Fees	USD 59,480,671
> Servicing charge	USD 104,738

The Company paid the following fees to Templeton Global Advisors Limited as the Principal Distributor of the Funds for the period ended December 31, 2008:

> Maintenance and Distribution charge	USD 116,665,074
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The Company paid the following fees to Lightning Finance Limited/SG Constellation One, Inc. as the Commission Payer to the Funds for the period ended December 31, 2008:

> Servicing charge	USD 17,464,375
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### Note 16 — Expenses reimbursement

For the period ended December 31, 2008, 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 Manager as detailed on pages 3 and 4.

Fund	Currency	Amount	Fund*	Class	Currency	Amount
Franklin Asian Flex Cap Fund	USD	23,875	Franklin Biotechnology Discovery Fund	I(acc)	USD	25
Franklin Global Real Estate (Euro) Fund	EUR	2,669	Franklin Euroland Core Fund	I(acc)	EUR	631
Franklin Global Real Estate (USD) Fund	USD	680	Franklin European Growth Fund	I(acc)	EUR	91
Franklin High Yield (Euro) Fund	EUR	6,974	Franklin European Small-Mid Cap Growth Fund	I(acc)	EUR	676
Franklin India Fund	USD	201,798	Franklin Global Growth Fund	I(acc)	USD	451
Franklin Natural Resources Fund	USD	4,678	Franklin High Yield Fund	I(dis)	USD	29,405
Franklin Strategic Income Fund	USD	74,794	Franklin Income Fund	I(acc)	USD	84
Franklin Technology Fund	USD	16,543	Franklin U.S. Government Fund	I(acc)	USD	5,884
Franklin U.S. Total Return Fund	USD	41,457	Franklin U.S. Government Fund	I(dis)	USD	146,671
Franklin U.S. Ultra Short Bond Fund	USD	57,190	Franklin U.S. Opportunities Fund	I(acc)	USD	1,952
Franklin Mutual Beacon Fund	USD	22,559	Franklin Mutual European Fund	I(acc)	EUR	22,641
Franklin Mutual Euroland Fund	EUR	7,210	Franklin Mutual European Fund	I(dis)	EUR	1,186
Franklin Mutual Global Discovery Fund	USD	403	Franklin Templeton Global Growth and Value Fund	I(acc)	USD	72
Franklin Templeton Japan Fund	JPY	48,791	Templeton China Fund	I(acc)	USD	2,853
Templeton Asian Bond Fund	USD	217,122	Templeton Emerging Markets Fund	I(acc)	USD	99,179
Templeton Asian Growth Fund	USD	373,723	Templeton Emerging Markets Bond Fund	I(acc)	USD	18,524
Templeton Asian Smaller Companies Fund	USD	9,670	Templeton Emerging Markets Bond Fund	I(dis)	USD	5,460
Templeton BRIC Fund	USD	424,444	Templeton Euroland Fund	I(acc)	EUR	2,760
Templeton Eastern Europe Fund	EUR	24,367	Templeton Euroland Fund	I(dis)	EUR	56
Templeton Emerging Markets Smaller Companies Fund	USD	53,920	Templeton Euroland Bond Fund	I(acc)	EUR	54
Templeton European Total Return Fund	EUR	245,682	Templeton European Fund	I(acc)	EUR	279
Templeton Global Fund	USD	9,058	Templeton Global (Euro) Fund	I(acc)	EUR	3,617
Templeton Global Absolute Return (Euro) Fund	EUR	1,055	Templeton Global Smaller Companies Fund	I(acc)	USD	527
Templeton Global Balanced Fund	USD	15,856	Templeton Korea Fund	I(acc)	USD	1,867
Templeton Global Bond Fund	USD	188,984	Templeton Latin America Fund	I(acc)	USD	82,658
Templeton Global Bond (Euro) Fund	EUR	94,539	Templeton U.S. Value Fund	I(acc)	USD	45
Templeton Global Equity Income Fund	USD	274,466				
Templeton Global Income Fund	USD	153,457				
Templeton Global Total Return Fund	USD	1,045,503				
Templeton Growth (Euro) Fund	EUR	4,963				

\*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 period ended December 31, 2008. 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 DECEMBER 31, 2008 (CONTINUED)

### Note 18 — Annual and interim dividends distributed for the period ended December 31, 2008

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

	A (mdis) USD	A (qdis) USD	A (mdis) EUR	A (qdis) EUR	A (ydis) EUR	A (mdis) GBP	A (qdis) GBP	A (ydis) GBP	A (mdis) SGD	A (qdis) SGD	A (mdis) EUR Hdg (H1)
<b>Franklin Global Real Estate (Euro) Fund</b>											
Dec-08	-	-	-	-	-	-	-	0.082	-	-	-
<b>Franklin Global Real Estate (USD) Fund</b>											
Jul-08	-	0.049	-	-	-	-	-	-	-	0.040	-
Oct-08	-	0.036	-	-	-	-	-	-	-	0.031	-
<b>Franklin High Yield Fund</b>											
Jul-08	0.042	-	-	-	-	-	-	-	-	-	-
Aug-08	0.042	-	-	-	-	-	-	-	-	-	-
Sep-08	0.043	-	-	-	-	-	-	-	-	-	-
Oct-08	0.040	-	-	-	-	-	-	-	-	-	-
Nov-08	0.044	-	-	-	-	-	-	-	-	-	-
Dec-08	0.045	-	-	-	-	-	-	-	-	-	-
<b>Franklin High Yield (Euro) Fund</b>											
Jul-08	-	-	0.039	-	-	-	-	-	-	-	-
Aug-08	-	-	0.040	-	-	-	-	-	-	-	-
Sep-08	-	-	0.042	-	-	-	-	-	-	-	-
Oct-08	-	-	0.042	-	-	-	-	-	-	-	-
Nov-08	-	-	0.046	-	-	-	-	-	-	-	-
Dec-08	-	-	0.043	-	-	-	-	-	-	-	-
<b>Franklin Income Fund</b>											
Jul-08	0.031	-	-	-	-	-	-	-	-	-	-
Aug-08	0.040	-	-	-	-	-	-	-	-	-	-
Sep-08	0.040	-	-	-	-	-	-	-	-	-	-
Oct-08	0.043	-	-	-	-	-	-	-	-	-	-
Nov-08	0.050	-	-	-	-	-	-	-	-	-	-
Dec-08	0.050	-	-	-	-	-	-	-	-	-	-
<b>Franklin Strategic Income Fund</b>											
Jul-08	0.033	-	0.021	-	-	-	-	-	-	-	-
Aug-08	0.036	-	0.023	-	-	-	-	-	-	-	-
Sep-08	0.038	-	0.027	-	-	-	-	-	-	-	-
Oct-08	0.040	-	0.028	-	-	-	-	-	-	-	-
Nov-08	0.033	-	0.028	-	-	-	-	-	-	-	-
Dec-08	0.039	-	0.030	-	-	-	-	-	-	-	-
<b>Franklin U.S. Government Fund</b>											
Jul-08	0.031	-	-	-	-	-	-	-	-	-	-
Aug-08	0.031	-	-	-	-	-	-	-	-	-	-
Sep-08	0.031	-	-	-	-	-	-	-	-	-	-
Oct-08	0.031	-	-	-	-	-	-	-	-	-	-
Nov-08	0.031	-	-	-	-	-	-	-	-	-	-
Dec-08	0.031	-	-	-	-	-	-	-	-	-	-
<b>Franklin U.S. Total Return Fund</b>											
Jul-08	0.046	-	-	-	-	-	-	-	-	-	-
Aug-08	0.029	-	-	-	-	-	-	-	-	-	-
Sep-08	0.035	-	-	-	-	-	-	-	-	-	-
Oct-08	0.031	-	-	-	-	-	-	-	-	-	-
Nov-08	0.032	-	-	-	-	-	-	-	-	-	-
Dec-08	0.036	-	-	-	-	-	-	-	-	-	-
<b>Franklin U.S. Ultra Short Bond Fund</b>											
Jul-08	0.018	-	-	-	-	-	-	-	-	-	-
Aug-08	0.017	-	-	-	-	-	-	-	-	-	-
Sep-08	0.017	-	-	-	-	-	-	-	-	-	-
Oct-08	0.016	-	-	-	-	-	-	-	-	-	-
Nov-08	0.013	-	-	-	-	-	-	-	-	-	-
Dec-08	0.024	-	-	-	-	-	-	-	-	-	-
<b>Templeton Asian Bond Fund</b>											
Jul-08	0.039	-	0.024	-	-	-	-	-	0.030	-	-
Aug-08	0.053	-	0.034	-	-	-	-	-	0.041	-	-
Sep-08	0.053	-	0.037	-	-	-	-	-	0.044	-	-
Oct-08	0.050	-	0.036	-	-	-	-	-	0.040	-	-
Nov-08	0.055	-	0.045	-	-	-	-	-	0.049	-	-
Dec-08	0.048	-	0.037	-	-	-	-	-	0.039	-	-

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

### Note 18 — Annual and interim dividends distributed for the period ended December 31, 2008 (continued)

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

A (mdis) GBP Hdg (H1)	A (mdis) SGD Hdg (H1)	B (mdis) USD	B (qdis) USD	C (mdis) USD	C (qdis) USD	I (mdis) USD	I (qdis) USD	I (mdis) CHF	I (mdis) EUR	I (ydis) EUR	I (qdis) JPY	N (mdis) USD	N (qdis) USD	N (mdis) EUR	N (mdis) EUR Hdg (H1)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.019	-	0.034	-	0.071	-	-	-	-	-	0.030	-	-
-	-	-	0.007	-	0.023	-	0.056	-	-	-	-	-	0.019	-	-
-	0.055	0.033	-	-	-	0.071	-	-	-	-	-	-	-	-	-
-	0.056	0.035	-	-	-	0.073	-	-	-	-	-	-	-	-	-
-	0.060	0.035	-	-	-	0.075	-	-	-	-	-	-	-	-	-
-	0.054	0.033	-	-	-	0.069	-	-	-	-	-	-	-	-	-
-	0.062	0.037	-	-	-	0.074	-	-	-	-	-	-	-	-	-
-	0.062	0.040	-	-	-	0.076	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	0.048	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	0.066	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	0.068	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	0.068	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	0.072	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	0.068	-	-	-	-	-	-
-	0.034	0.022	-	0.032	-	-	-	-	-	-	-	-	-	-	-
-	0.029	0.030	-	0.040	-	-	-	-	-	-	-	-	-	-	-
-	0.030	0.030	-	0.040	-	-	-	-	-	-	-	-	-	-	-
-	0.037	0.027	-	0.044	-	-	-	-	-	-	-	-	-	-	-
-	0.030	0.035	-	0.050	-	-	-	-	-	-	-	-	-	-	-
-	0.030	0.035	-	0.050	-	-	-	-	-	-	-	-	-	-	-
-	-	0.023	-	0.028	-	-	-	-	-	-	-	-	-	-	-
-	-	0.026	-	0.032	-	-	-	-	-	-	-	-	-	-	-
-	-	0.027	-	0.033	-	-	-	-	-	-	-	-	-	-	-
-	-	0.030	-	0.035	-	-	-	-	-	-	-	-	-	-	-
-	-	0.024	-	0.029	-	-	-	-	-	-	-	-	-	-	-
-	-	0.030	-	0.034	-	-	-	-	-	-	-	-	-	-	-
-	0.090	0.023	-	-	-	0.039	-	-	-	-	-	0.025	-	-	-
-	0.071	0.023	-	-	-	0.039	-	-	-	-	-	0.025	-	-	-
-	0.037	0.023	-	-	-	0.039	-	-	-	-	-	0.025	-	-	-
-	0.034	0.023	-	-	-	0.039	-	-	-	-	-	0.025	-	-	-
-	0.020	0.023	-	-	-	0.039	-	-	-	-	-	0.025	-	-	-
-	0.020	0.023	-	-	-	0.039	-	-	-	-	-	0.025	-	-	-
-	-	0.034	-	0.037	-	0.053	-	-	-	-	-	0.040	-	-	-
-	-	0.017	-	0.021	-	0.034	-	-	-	-	-	0.023	-	-	-
-	-	0.024	-	0.027	-	0.036	-	-	-	-	-	0.030	-	-	-
-	-	0.018	-	0.023	-	0.035	-	-	-	-	-	0.025	-	-	-
-	-	0.021	-	0.024	-	0.035	-	-	-	-	-	0.027	-	-	-
-	-	0.026	-	0.030	-	0.041	-	-	-	-	-	0.031	-	-	-
-	-	0.009	-	0.010	-	-	-	-	-	-	-	0.012	-	-	-
-	-	0.007	-	0.010	-	-	-	-	-	-	-	0.012	-	-	-
-	-	0.007	-	0.009	-	-	-	-	-	-	-	0.011	-	-	-
-	-	0.007	-	0.009	-	-	-	-	-	-	-	0.011	-	-	-
-	-	0.003	-	0.005	-	-	-	-	-	-	-	0.006	-	-	-
-	-	0.015	-	0.017	-	-	-	-	-	-	-	0.019	-	-	-
-	-	0.025	-	0.032	-	-	-	-	0.029	-	-	0.033	-	-	-
-	-	0.038	-	0.044	-	-	-	-	0.038	-	-	0.045	-	-	-
-	-	0.039	-	0.046	-	-	-	-	0.042	-	-	0.047	-	-	-
-	-	0.036	-	0.042	-	-	-	-	0.041	-	-	0.043	-	-	-
-	-	0.043	-	0.048	-	-	-	-	0.050	-	-	0.049	-	-	-
-	-	0.036	-	0.041	-	-	-	-	0.043	-	-	0.042	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

### Note 18 — Annual and interim dividends distributed for the period ended December 31, 2008 (continued)

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

	A (mdis) USD	A (qdis) USD	A (mdis) EUR	A (qdis) EUR	A (ydis) EUR	A (mdis) GBP	A (qdis) GBP	A (ydis) GBP	A (mdis) SGD	A (qdis) SGD	A (mdis) EUR Hdg (H1)
<b>Templeton China Fund</b>											
Dec-08	-	-	-	-	0.008	-	-	0.011	-	-	-
<b>Templeton Emerging Markets Bond Fund</b>											
Jul-08	-	0.246	-	0.156	-	-	-	-	-	-	-
Oct-08	-	0.273	-	0.190	-	-	-	-	-	-	-
<b>Templeton European Total Return Fund</b>											
Jul-08	0.057	-	0.034	-	-	0.028	-	-	-	-	-
Aug-08	0.055	-	0.036	-	-	0.028	-	-	-	-	-
Sep-08	0.051	-	0.035	-	-	0.029	-	-	-	-	-
Oct-08	0.045	-	0.032	-	-	0.026	-	-	-	-	-
Nov-08	0.043	-	0.035	-	-	0.026	-	-	-	-	-
Dec-08	0.041	-	0.034	-	-	0.034	-	-	-	-	-
<b>Templeton Global Absolute Return (Euro) Fund*</b>											
Dec-08	-	-	-	-	0.197	-	-	-	-	-	-
<b>Templeton Global Absolute Return (USD) Fund*</b>											
Jul-08	-	0.077	-	-	-	-	0.039	-	-	-	-
Oct-08	-	0.076	-	-	-	-	0.043	-	-	-	-
Dec-08	-	0.050	-	-	-	-	0.035	-	-	-	-
<b>Templeton Global Balanced Fund</b>											
Jul-08	-	0.183	-	-	-	-	-	-	-	-	-
Oct-08	-	0.077	-	-	-	-	-	-	-	-	-
<b>Templeton Global Bond Fund</b>											
Jul-08	0.049	-	0.030	-	-	0.025	-	-	0.029	-	0.017
Aug-08	0.067	-	0.044	-	-	0.033	-	-	0.040	-	0.043
Sep-08	0.061	-	0.042	-	-	0.034	-	-	0.040	-	0.042
Oct-08	0.049	-	0.035	-	-	0.029	-	-	0.031	-	0.034
Nov-08	0.043	-	0.036	-	-	0.027	-	-	0.029	-	0.033
Dec-08	0.046	-	0.036	-	-	0.032	-	-	0.032	-	0.031
<b>Templeton Global Equity Income Fund</b>											
Jul-08	-	0.059	-	-	-	-	-	-	-	0.064	-
Oct-08	-	0.120	-	-	-	-	-	-	-	0.098	-
<b>Templeton Global High Yield Fund</b>											
Jul-08	0.046	-	0.029	-	-	0.024	-	-	-	-	-
Aug-08	0.050	-	0.031	-	-	0.025	-	-	-	-	-
Sep-08	0.047	-	0.033	-	-	0.026	-	-	-	-	-
Oct-08	0.055	-	0.039	-	-	0.032	-	-	-	-	-
Nov-08	0.054	-	0.045	-	-	0.033	-	-	-	-	-
Dec-08	0.030	-	0.023	-	-	0.021	-	-	-	-	-
<b>Templeton Global Income Fund</b>											
Jul-08	-	0.185	-	-	-	-	-	-	-	-	-
Oct-08	-	0.149	-	-	-	-	-	-	-	-	-
<b>Templeton Global Total Return Fund</b>											
Jul-08	0.051	-	0.032	-	-	0.026	-	-	0.035	-	0.018
Aug-08	0.070	-	0.045	-	-	0.035	-	-	0.049	-	0.044
Sep-08	0.065	-	0.046	-	-	0.037	-	-	0.048	-	0.044
Oct-08	0.055	-	0.039	-	-	0.032	-	-	0.040	-	0.037
Nov-08	0.049	-	0.040	-	-	0.030	-	-	0.038	-	0.036
Dec-08	0.056	-	0.045	-	-	0.039	-	-	0.044	-	0.040
<b>Templeton U.S. Dollar Liquid Reserve Fund</b>											
Jul-08	0.013	-	-	-	-	-	-	-	-	-	-
Aug-08	0.013	-	-	-	-	-	-	-	-	-	-
Sep-08	0.012	-	-	-	-	-	-	-	-	-	-
Oct-08	0.012	-	-	-	-	-	-	-	-	-	-
Nov-08	0.005	-	-	-	-	-	-	-	-	-	-
Dec-08	0.001	-	-	-	-	-	-	-	-	-	-

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

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

### Note 18 — Annual and interim dividends distributed for the period ended December 31, 2008 (continued)

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

A (mdis) GBP Hdg (H1)	A (mdis) SGD Hdg (H1)	B (mdis) USD	B (qdis) USD	C (mdis) USD	C (qdis) USD	I (mdis) USD	I (qdis) USD	I (mdis) CHF	I (mdis) EUR	I (ydis) EUR	I (qdis) JPY	N (mdis) USD	N (qdis) USD	N (mdis) EUR	N (mdis) EUR Hdg (H1)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.173	-	-	-	0.223	-	-	-	-	-	-	-	-
-	-	-	0.196	-	-	-	0.244	-	-	-	-	-	-	-	-
-	-	-	-	0.035	-	-	-	-	0.036	-	-	-	-	0.014	-
-	-	-	-	0.036	-	-	-	-	0.039	-	-	-	-	0.032	-
-	-	-	-	0.032	-	-	-	-	0.039	-	-	-	-	0.033	-
-	-	-	-	0.029	-	-	-	-	0.036	-	-	-	-	0.029	-
-	-	-	-	0.028	-	-	-	-	0.039	-	-	-	-	0.032	-
-	-	-	-	0.028	-	-	-	-	0.036	-	-	-	-	0.030	-
-	-	-	-	-	-	-	-	-	-	0.213	-	-	-	-	-
-	-	-	-	-	0.062	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	0.062	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	0.041	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	0.089	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	0.029	-	-	-	-	-	-	-	-	-	-
0.024	0.018	0.031	-	0.029	-	-	-	-	0.029	-	-	-	-	-	0.017
0.034	0.041	0.049	-	0.043	-	-	-	-	0.040	-	-	-	-	-	0.043
0.033	0.043	0.043	-	0.039	-	-	-	-	0.041	-	-	-	-	-	0.042
0.029	0.031	0.031	-	0.030	-	-	-	-	0.034	-	-	-	-	-	0.032
0.025	0.029	0.025	-	0.026	-	-	-	-	0.036	-	-	-	-	-	0.030
0.027	0.030	0.027	-	0.027	-	-	-	-	0.035	-	-	-	-	-	0.031
-	-	-	0.042	-	0.056	-	-	-	-	-	12.915	-	-	-	-
-	-	-	0.087	-	0.101	-	-	-	-	-	16.341	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.138	-	0.167	-	-	-	-	-	-	-	-	-	-
-	-	-	0.116	-	0.132	-	-	-	-	-	-	-	-	-	-
0.025	-	0.036	-	0.040	-	-	-	0.055	0.035	-	-	-	-	-	0.018
0.035	-	0.054	-	0.057	-	-	-	0.078	0.047	-	-	-	-	-	0.047
0.036	-	0.049	-	0.053	-	-	-	0.077	0.049	-	-	-	-	-	0.046
0.030	-	0.039	-	0.043	-	-	-	0.065	0.043	-	-	-	-	-	0.038
0.029	-	0.034	-	0.039	-	-	-	0.063	0.043	-	-	-	-	-	0.037
0.032	-	0.043	-	0.045	-	-	-	0.074	0.048	-	-	-	-	-	0.042
-	-	0.005	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	0.005	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	0.004	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	0.003	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2008 (CONTINUED)

### Note 19 — Time deposits and cash repos

As at December 31, 2008, the Company had the following cash on time deposit and repos held with highly rated financial institutions:

#### TIME DEPOSITS

SubFund	Currency	Amount	SubFund	Currency	Amount
Franklin Asian Flex Cap Fund	USD	1,775,000	Templeton Eastern Europe Fund	EUR	7,030,000
Franklin Euroland Core Fund	EUR	560,000	Templeton Emerging Markets Fund	USD	26,480,000
Franklin European Growth Fund	EUR	765,000	Templeton Emerging Markets Bond Fund	USD	36,990,000
Franklin European Small-Mid Cap Growth Fund	EUR	1,715,000	Templeton Euro Liquid Reserve Fund	EUR	11,865,000
Franklin Global Real Estate (Euro) Fund	EUR	100,000	Templeton Euroland Fund	EUR	2,760,000
Franklin Global Real Estate (USD) Fund	USD	1,210,000	Templeton Euroland Bond Fund	EUR	1,495,000
Franklin High Yield (Euro) Fund	EUR	15,355,000	Templeton European Fund	EUR	3,235,000
Franklin India Fund	USD	12,690,000	Templeton European Total Return Fund	EUR	5,165,000
Franklin MENA Fund	USD	1,230,000	Templeton Global Fund	USD	49,815,000
Franklin World Perspectives Fund	USD	400,000	Templeton Global (Euro) Fund	EUR	10,850,000
Franklin Mutual European Fund	EUR	107,600,000	Templeton Global Bond Fund	USD	31,685,000
Franklin Mutual Global Discovery Fund	USD	30,016,996	Templeton Global Bond (Euro) Fund	EUR	5,520,000
Franklin Templeton Global Equity Strategies Fund	USD	1,850,000	Templeton Global Equity Income Fund	USD	3,535,000
Franklin Templeton Global Growth And Value Fund	USD	910,000	Templeton Global Smaller Companies Fund	USD	12,325,000
Templeton Asian Growth Fund	USD	32,190,000	Templeton Growth (Euro) Fund	EUR	316,886,854
Templeton BRIC Fund	USD	31,715,000	Templeton Korea Fund	USD	2,850,000
Templeton China Fund	USD	7,825,000	Templeton Latin America Fund	USD	71,030,000

As at December 31, 2008, the Company had no outstanding cash repos.

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

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

### Note 21 — Portfolio Turnover Ratio

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

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

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

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

The Management fees below are for the funds held by FTIF on December 31, 2008.

#### Franklin Strategic Income Fund

Franklin Templeton Series II Funds – Franklin Floating Rate II Fund – Class I 0.40%

#### Templeton Emerging Markets Fund

Franklin India Blue Chip Offshore Fund 0.00%

#### Templeton Global Total Return Fund

FT Emerging Markets Debt Opportunities Fund 0.80%

#### Templeton Global High Yield Fund

Franklin Templeton Series II Funds – Franklin Floating Rate II Fund – Class I 0.40%

## FRANKLIN TEMPLETON INVESTMENTS OFFICE DIRECTORY

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

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