

UNAUDITED SEMI-ANNUAL
REPORT

DECEMBER 31, 2009



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 PERIOD ENDED DECEMBER 31, 2009

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.

CONTENTS

General Information	3
Report of the Investment Managers	5
Fund Performance	6
Statement of Net Assets	8
Statistical Information	19
Statement of Operations and Changes in Net Assets	30
Notes to the Financial Statements	42
Franklin Templeton Investments Office Directory	71

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, 2009)

BOARD OF DIRECTORS

Chairman

The Honorable Nicholas F. Brady
Chairman and Chief Executive Officer
CHOPTANK PARTNERS, INC.
16 North Washington Street
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Directors

Gregory E. Johnson
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FRANKLIN RESOURCES, INC.
One Franklin Parkway
San Mateo, CA 94403-1906, U.S.A.

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Director Emeritus
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Singapore 038987

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President
HOLOWESKO PARTNERS LTD
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Nassau, Bahamas

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Executive Vice President and General Counsel
TEMPLETON WORLDWIDE, INC.
500 East Broward Boulevard, Suite 2100
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Duke of Abercorn James Hamilton KG
Director
TITANIC QUARTER
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Executive Vice President-Global Advisory Services
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One Franklin Parkway
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David E. Smart
Director and Co-Chief Executive Officer
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London WC2N 6HT, England, U.K.

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

James J. K. Hung
President and Chief Executive Officer
ASIA SECURITIES GLOBAL LTD
Room 63, 21st floor, New World Tower 1
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Geoffrey A. Langlands
Managing Partner
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Bloco 6, Sala 227 (Downtown)
Rio de Janeiro - RJ CEP 22640-100, Brazil

CONDUCTING OFFICERS:

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

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

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

PRINCIPAL DISTRIBUTOR:

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

INVESTMENT MANAGERS:

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

Franklin Templeton Investment Management Limited manages the following Funds:

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

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

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

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

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

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

Templeton Asset Management Limited manages the following Funds:

Franklin Templeton Global Equity Strategies Fund*;
Templeton Asian Growth Fund;
Templeton Asian Smaller Companies Fund;
Templeton BRIC Fund;
Templeton China Fund;
Templeton Eastern Europe Fund;
Templeton Emerging Markets Fund;
Templeton Emerging Markets 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 Limited has been appointed as Co-Investment Manager of this Fund, together with (i) Franklin Advisers, Inc., (ii) Franklin Mutual Advisers, LLC and (iii) Templeton Global Advisors Limited.

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

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

Franklin Advisers, Inc. manages the following Funds:

Franklin Asian Flex Cap Fund;
Franklin Biotechnology Discovery Fund;
Franklin 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;

GENERAL INFORMATION (AS AT DECEMBER 31, 2009)

Franklin U.S. Government Fund;
 Franklin U.S. Opportunities Fund;
 Franklin U.S. Ultra Short Bond Fund;
 Franklin U.S. Small-Mid Cap Growth Fund;
 Franklin U.S. Total Return 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. 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.

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

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

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

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

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

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

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

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

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

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

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

Franklin Mutual Advisers, LLC manages the following Funds:
 Franklin Mutual Beacon Fund*;
 Franklin Mutual Euroland Fund;
 Franklin Mutual European Fund;

Franklin Mutual Global Discovery Fund*;
 Franklin Templeton Global Equity Strategies Fund†; and
 Franklin Templeton Global Fundamental Strategies Fund‡.

* Franklin Mutual Advisers, LLC has been appointed as Co-Investment Manager 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.

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

Franklin Templeton Investments Japan Limited manages the following Funds:
 Franklin World Perspectives Fund*;
 and
 Franklin Templeton Japan Fund.

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

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

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

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

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

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

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

CUSTODIAN, LISTING AGENT AND PRINCIPAL PAYING AGENT:
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 Réviseur d'entreprises
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REPORT OF THE INVESTMENT MANAGERS

Market conditions remained benign throughout the period under review, with lower risk aversion helping to boost prices for a wide range of financial assets from equities and commodities to corporate bonds and precious metals.

Extremely low short-term interest rates have underpinned the buoyancy of financial markets, as has massive government intervention to support banking systems and stimulate credit creation. While Europe and the U.S. appeared to pull out of recession during the six months through end December, economic growth has been paltry and—despite recent improvements—unemployment remains high. There has been little pressure to raise base interest rates because of the combination of low growth and low inflation—a situation deemed favorable for many fixed income investments. At the same time, equities have benefited from rising corporate profitability as well as clear signs of an economic rebound.

In the U.S., gross domestic product (GDP) rose from an annual rate of -6.5% in the first quarter of 2009 to +2.2% in the third quarter. U.S. job losses have slowed sharply, and the housing market has been showing signs of life. Rising home prices combined with gains in equities have triggered a modest rise in personal spending. In Europe too, some of the largest economies (with the notable exception of the UK) have resumed growth and unemployment has leveled out. The Japanese economy also started to expand again in the six months under review. However, as in the U.S., Japan's GDP growth for the third quarter was revised sharply down. The yen rose to a 14-year high against the U.S. dollar at one point during the six months under review, threatening corporate profits and contributing to the Japanese equity market's relative underperformance.

Low interest rates meant that equities have been particularly strong in emerging markets, where growth has held up better or recovered faster than in developed countries. Stock indexes in BRIC countries (Brazil, Russia, India and China) have fared very well, with currency moves—especially against a weak U.S. dollar—playing an important role. Indeed, a number of emerging countries, including Brazil, have felt obliged to introduce capital controls to prevent both rapid appreciation of their currencies against the dollar and the potential creation of asset bubbles. Also on the currency front, the Chinese authorities' insistence on pegging their currency against a weak U.S. dollar has given rise to growing fears of trade spats and protectionism.

Among sectors, there has been a substantial rise in the profits of financial institutions that have survived the turmoil of 2008–2009 in reasonable shape. In turn, the rally in these financial institutions' equities and bonds has been among the strongest for any sector in the six months under review—despite a backdrop of upward revisions to estimates of the total writedowns banks could suffer as a result of the financial crisis.

Treasury bonds fell in price during the six months, sending their yields higher as investors sought out riskier returns and as western governments sold record amounts of new debt to fund both new fiscal spending programs and existing budget deficits. By contrast, continuing a trend from early 2009, investors realized that they could buy high-quality corporate debt and achieve equity-like returns as yield spreads over Treasuries fell. Prices of corporate bonds, mortgage-backed securities and leveraged loans soared back to levels seen prior to the collapse of Lehman Brothers in September 2008. Demand has been met by supply. European companies that have been traditionally reliant on banks took advantage of low rates to issue record amounts of corporate debt, continuing a trend established earlier in 2009.

Gold prices also rose steeply during the period under review. Gold's importance as an investment vehicle has been elevated by the recent financial crisis, a depreciating U.S. dollar and concerns that ultra-accommodative monetary policies and massively increased government deficits could eventually trigger an increase in inflation.

Sovereign bond risk came to the fore toward the end of the period under review, as Dubai clumsily announced a debt standstill at Dubai World, the government's flagship holding company. The fallout from this announcement was quickly contained, as Dubai's neighbor, Abu Dhabi, stepped in with funding. Storm clouds also settled over heavily indebted Greece. Ratings agencies moved to lower Greece's ratings, leading to a substantial widening of government yield spreads over German 10-year bonds. Interest rates on the national debt of other European countries also rose, prompting fears of a broader bond market selloff in the eurozone. But both the Greek and Dubai episodes could equally illustrate the extent to which investors have learned to distinguish between markets with differing debt profiles and fundamentals in place of the indiscriminate approach to investing that characterized markets before the financial crisis.

Prospects for the months ahead remain unclear, but markets appear to be in a delicate equilibrium. Continued recovery in the economies of developed markets would seem to be priced into the markets, as is resumption of top-line growth in corporate earnings. Disappointment on either of these fronts could result in a pause in the stock market rally that has stretched almost uninterrupted since March 2009—especially as governments and central banks withdraw various support mechanisms put in place at the height of the financial crisis. Worries about rising government bond yields and the higher cost of borrowing they would imply could also impact equities. At the same time, with yield spreads over Treasuries for corporate bonds having come down substantially, a repeat of the latter's stellar performance of recent months is unlikely. And, of course, unforeseen shocks cannot be excluded nor can the popping of potential asset bubbles formed by recent monetary and fiscal stimulus.

THE INVESTMENT MANAGERS

January, 2010

FUND PERFORMANCE IN BASE CURRENCY PERCENTAGE CHANGE TO DECEMBER 31, 2009

	Launch Date	Base Currency	6 Months %	1 Year %	3 Year %	5 Year %	10 Year %	Since Launch
Franklin Asian Flex Cap Fund	15 Nov 06	USD	21.9	62.7	15.6	–	–	21.4
Franklin Biotechnology Discovery Fund	03 Apr 00	USD	8.2	10.9	(0.8)	6.5	–	(13.2)
Franklin Euroland Core Fund	28 Nov 08	EUR	25.1	30.1	–	–	–	31.1
Franklin European Growth Fund	29 Dec 00	EUR	21.0	49.9	(8.2)	35.5	–	(16.5)
Franklin European Small-Mid Cap Growth Fund	03 Dec 01	EUR	21.4	53.4	(10.0)	73.4	–	77.9
Franklin Global Growth Fund	29 Dec 00	USD	28.5	55.2	(6.3)	27.7	–	1.8
Franklin Global Real Estate (Euro) Fund	29 Dec 05	EUR	29.7	12.2	(47.6)	–	–	(36.6)
Franklin Global Real Estate (USD) Fund	29 Dec 05	USD	30.8	16.0	(43.1)	–	–	(29.5)
Franklin Global Small-Mid Cap Growth Fund	15 Apr 02	USD	25.3	51.0	(1.1)	41.3	–	87.5
Franklin High Yield Fund	01 Mar 96	USD	16.8	42.2	7.0	17.6	46.0	85.1
Franklin High Yield (Euro) Fund	17 Apr 00	EUR	15.9	48.5	(4.7)	8.3	–	15.7
Franklin Income Fund	01 Jul 99	USD	20.2	34.4	(2.5)	13.9	83.0	74.1
Franklin India Fund	25 Oct 05	USD	26.3	80.2	31.9	–	–	121.6
Franklin MENA Fund	16 Jun 08	USD	(1.2)	2.2	–	–	–	(58.1)
Franklin Natural Resources Fund	12 Jul 07	USD	28.0	58.9	–	–	–	(15.8)
Franklin Strategic Income Fund	12 Jul 07	USD	10.6	22.9	–	–	–	13.3
Franklin Technology Fund	03 Apr 00	USD	30.0	59.6	13.7	20.7	–	(41.1)
Franklin U.S. Equity Fund	01 Jul 99	USD	19.1	29.9	(9.0)	0.3	5.1	44.3
Franklin U.S. Focus Fund	15 May 08	USD	25.5	50.5	–	–	–	(9.4)
Franklin U.S. Government Fund	28 Feb 91	USD	2.4	4.1	16.7	22.8	61.5	132.4
Franklin U.S. Opportunities Fund	03 Apr 00	USD	24.5	41.6	(0.8)	16.1	–	(38.1)
Franklin U.S. Small-Mid Cap Growth Fund	29 Dec 00	USD	24.0	40.7	(11.6)	3.2	–	0.2
Franklin U.S. Total Return Fund	29 Aug 03	USD	8.8	19.0	8.0	14.7	–	24.7
Franklin U.S. Ultra Short Bond Fund	29 Aug 03	USD	1.6	4.5	6.1	12.6	–	15.3
Franklin World Perspectives Fund	14 Oct 08	USD	24.3	43.2	–	–	–	24.7
Franklin Mutual Beacon Fund	07 Jul 97	USD	22.3	27.3	(23.5)	(2.6)	36.3	79.7
Franklin Mutual Euroland Fund	14 Oct 08	EUR	19.2	22.9	–	–	–	18.2
Franklin Mutual European Fund	31 Dec 01	EUR*	17.9	21.0	(19.6)	19.2	–	34.9
Franklin Mutual Global Discovery Fund	25 Oct 05	USD	11.2	19.9	(1.5)	–	–	22.4
Franklin Templeton Global Equity Strategies Fund	15 May 08	USD	22.8	39.1	–	–	–	(6.4)
Franklin Templeton Global Fundamental Strategies Fund	25 Oct 07	USD	14.1	19.8	–	–	–	(6.4)
Franklin Templeton Global Growth and Value Fund	09 Sep 02	USD	27.2	45.0	(9.6)	23.3	–	74.4
Franklin Templeton Japan Fund	01 Sep 00	JPY	(0.6)	(4.6)	(57.1)	(32.9)	–	(50.4)
Templeton Asian Bond Fund	25 Oct 05	USD	11.5	23.2	24.1	–	–	51.2
Templeton Asian Growth Fund	30 Jun 91	USD	35.0	103.1	31.1	119.2	162.0	193.9
Templeton Asian Smaller Companies Fund	14 Oct 08	USD	35.2	97.9	–	–	–	107.6
Templeton BRIC Fund	25 Oct 05	USD	31.8	89.1	9.4	–	–	79.1
Templeton China Fund	01 Sep 94	USD	22.0	63.8	32.5	112.6	227.7	143.3

FUND PERFORMANCE IN BASE CURRENCY

PERCENTAGE CHANGE TO DECEMBER 31, 2009 (CONTINUED)

	Launch Date	Base Currency	6 Months %	1 Year %	3 Year %	5 Year %	10 Year %	Since Launch
Templeton Eastern Europe Fund	10 Nov 97	EUR	35.8	98.5	(25.2)	42.4	194.1	193.4
Templeton Emerging Markets Fund	28 Feb 91	USD	34.2	71.7	3.6	66.5	93.4	220.1
Templeton Emerging Markets Bond Fund	05 Jul 91	USD	18.3	48.0	30.8	57.4	177.6	537.3
Templeton Emerging Markets Smaller Companies Fund	18 Oct 07	USD	30.9	86.7	–	–	–	(29.6)
Templeton Euro Government Bond Fund	08 Jan 99	EUR	3.5	6.0	7.7	10.7	40.2	33.3
Templeton Euro Liquid Reserve Fund	01 Jun 94	EUR	1.1	3.1	5.6	8.7	21.8	38.2
Templeton Euro Money Market Fund	23 Oct 09	EUR	–	–	–	–	–	0.1
Templeton Euroland Fund	08 Jan 99	EUR	21.3	18.1	(35.1)	(4.1)	7.0	24.2
Templeton European Fund	03 Dec 01	EUR†	20.6	21.4	(33.0)	(3.4)	–	(5.4)
Templeton European Total Return Fund	29 Aug 03	EUR	8.2	16.4	(6.4)	(2.3)	–	6.3
Templeton Frontier Markets Fund	14 Oct 08	USD	22.1	51.4	–	–	–	45.6
Templeton Global Fund	28 Feb 91	USD	24.5	30.7	(22.5)	4.1	27.2	183.0
Templeton Global (Euro) Fund	26 Apr 91	EUR	18.2	22.5	(30.8)	(5.0)	(10.7)	143.4
Templeton Global Balanced Fund	01 Jun 94	USD	18.4	21.2	(9.1)	10.3	61.1	138.0
Templeton Global Bond Fund	28 Feb 91	USD	10.2	18.8	41.5	54.0	165.7	321.3
Templeton Global Bond (Euro) Fund	29 Aug 03	EUR	6.5	8.1	11.8	17.9	–	24.0
Templeton Global Equity Income Fund	27 May 05	USD	25.2	31.5	(21.4)	–	–	4.9
Templeton Global High Yield Fund	27 Sep 07	USD	14.5	38.3	–	–	–	8.0
Templeton Global Income Fund	27 May 05	USD	16.2	27.9	6.2	–	–	34.7
Templeton Global Smaller Companies Fund	08 Jul 91	USD	28.5	61.1	(28.2)	(0.6)	51.5	203.1
Templeton Global Total Return Fund	29 Aug 03	USD	16.4	33.5	43.1	63.2	–	107.5
Templeton Growth (Euro) Fund	09 Aug 00	EUR	20.6	25.2	(31.5)	(10.3)	–	(14.6)
Templeton Korea Fund	08 May 95	USD	26.6	67.1	(11.4)	38.3	1.3	(37.1)
Templeton Latin America Fund	28 Feb 91	USD‡	40.7	101.3	38.8	194.3	317.6	359.5
Templeton Thailand Fund	20 Jun 97	USD	26.9	76.6	14.2	33.3	74.3	7.2
Templeton U.S. Dollar Liquid Reserve Fund	01 Jun 94	USD	–	–	5.9	12.9	26.3	59.9
Templeton U.S. Value Fund	29 Aug 03	USD	23.2	36.3	(30.8)	(15.0)	–	4.0

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, 2009

	TOTAL	Franklin Asian Flex Cap Fund	Franklin Biotechnology Discovery Fund	Franklin Euroland Core Fund	Franklin European Growth Fund
	(USD)	(USD)	(USD)	(EUR)	(EUR)
ASSETS					
Investment in securities at market value (note 2(b))	64,279,748,541	31,410,784	62,357,577	21,752,766	133,452,265
Cash	696,549,105	-	1,345,721	4,464	216,191
Time deposits and repurchase agreements (note 19)	2,483,552,041	-	-	300,000	13,900,000
Amounts receivable on sale of investments	66,170,952	2,254,124	-	-	1,237
Amounts receivable on subscriptions	482,448,024	22,530	583,834	-	1,286,698
Interest and dividends receivable, net	570,616,335	9,419	-	3,989	911,503
Other receivables	10,475,588	2,619	-	27,698	8,415
Unrealised profit on forward foreign exchange contracts (note 4)	196,152,422	-	-	-	-
Unrealised profit on credit default swaps (note 5)	100,692	-	-	-	-
Unrealised profit on interest rate swaps (note 6)	59,777,458	-	-	-	-
Option contracts at market value (note 8)	9,991	-	-	-	-
TOTAL ASSETS	68,845,601,149	33,699,476	64,287,132	22,088,917	149,776,309
LIABILITIES					
Amounts payable on purchases of investments	124,143,403	-	4,601	-	919,208
Amounts payable on redemptions	234,268,522	31,284	315,796	-	652,057
Bank overdraft	8,324,506	1,910,493	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	32,364,455	-	-	-	-
Unrealised loss on interest rate swaps (note 6)	60,370	-	-	-	-
Unrealised loss on financial future contracts (note 7)	134,755	-	-	-	-
Option contracts at market value (note 8)	3,900,205	-	-	-	-
Investment management fees payable (note 3)	54,463,740	26,775	53,104	14,125	106,728
Taxes and expense payable	76,397,298	52,954	79,920	10,164	98,105
TOTAL LIABILITIES	534,057,254	2,021,506	453,421	24,289	1,776,098
TOTAL NET ASSETS	68,311,543,895	31,677,970	63,833,711	22,064,628	148,000,211
THREE YEAR ASSET SUMMARY					
June 30, 2009	47,048,939,530	29,819,379	70,628,479	17,234,474	31,894,597
June 30, 2008	61,534,169,142	36,332,132	53,201,179	-	17,635,809
June 30, 2007	63,601,494,719	45,270,453	67,283,337	-	33,316,494

The accompanying notes form an integral

STATEMENT OF NET ASSETS
AT DECEMBER 31, 2009 (CONTINUED)

Franklin European Small-Mid Cap Growth Fund (EUR)	Franklin Global Growth Fund (USD)	Franklin Global Real Estate (Euro) Fund (EUR)	Franklin Global Real Estate (USD) Fund (USD)	Franklin Global Small-Mid Cap Growth Fund (USD)	Franklin High Yield Fund (USD)	Franklin High Yield Fund (Euro) Fund (EUR)
135,912,065	52,822,437	14,125,006	42,489,299	41,279,163	2,290,335,795	371,873,986
395,648	5,839	527,562	23,900	203,801	107,936,664	2,166,087
12,990,000	1,980,000	-	2,600,000	260,000	-	35,000,000
602,152	-	11,353	30,472	238,260	-	-
658,177	82,279	36,277	413,674	41,139	30,486,927	5,758,038
1,296,810	20,727	61,007	176,846	254,333	46,194,221	7,334,675
19,356	7,952	660	1,058	5,898	10,366	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
151,874,208	54,919,234	14,761,865	45,735,249	42,282,594	2,474,963,973	422,132,786
1,752,469	-	-	369	370,806	-	-
530,165	19,661	29,374	76,487	29,540	11,816,407	2,386,396
-	-	-	-	-	-	-
-	-	38,049	26,677	-	205,254	3,469,708
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
109,015	45,446	12,111	35,608	31,526	1,594,681	267,321
106,938	55,854	25,820	84,582	34,855	2,517,135	338,602
2,498,587	120,961	105,354	223,723	466,727	16,133,477	6,462,027
149,375,621	54,798,273	14,656,511	45,511,526	41,815,867	2,458,830,496	415,670,759
59,920,404	32,915,531	10,614,762	19,258,439	28,541,329	1,870,189,148	260,178,626
45,036,706	36,397,878	30,939,109	38,398,156	20,482,747	1,944,931,904	254,682,797
103,651,570	34,623,396	100,906,233	90,700,771	20,249,247	2,611,774,115	504,004,665

part of these financial statements

STATEMENT OF NET ASSETS AT DECEMBER 31, 2009 (CONTINUED)

	Franklin Income Fund	Franklin India Fund	Franklin MENA Fund	Franklin Natural Resources Fund	Franklin Strategic Income Fund
	(USD)	(USD)	(USD)	(USD)	(USD)
ASSETS					
Investment in securities at market value (note 2(b))	447,618,537	915,050,535	21,700,883	83,530,983	102,768,729
Cash	34,064,845	2,112,584	2,472,988	5,460,846	6,192,416
Time deposits and repurchase agreements (note 19)	-	23,680,000	890,000	-	-
Amounts receivable on sale of investments	5,802,320	1,372,475	-	-	721,086
Amounts receivable on subscriptions	5,573,191	6,710,678	29,128	5,627,998	641,420
Interest and dividends receivable, net	5,645,693	909,556	-	38,914	1,559,867
Other receivables	-	23,543	-	-	17,937
Unrealised profit on forward foreign exchange contracts (note 4)	-	-	-	-	-
Unrealised profit on credit default swaps (note 5)	-	-	-	-	93,390
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
TOTAL ASSETS	498,704,586	949,859,371	25,092,999	94,658,741	111,994,845
LIABILITIES					
Amounts payable on purchases of investments	4,939,704	2,480,985	-	1,533,643	605,050
Amounts payable on redemptions	1,058,454	3,089,694	123,077	1,193,335	21,317
Bank overdraft	-	-	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	277,370	259,194	90,205	-	771
Unrealised loss on interest rate swaps (note 6)	-	-	-	-	-
Unrealised loss on financial future contracts (note 7)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
Investment management fees payable (note 3)	343,725	726,011	30,558	65,452	62,283
Taxes and expense payable	665,928	929,369	47,204	68,710	138,089
TOTAL LIABILITIES	7,285,181	7,485,253	291,044	2,861,140	827,510
TOTAL NET ASSETS	491,419,405	942,374,118	24,801,955	91,797,601	111,167,335
THREE YEAR ASSET SUMMARY					
June 30, 2009	397,970,744	610,549,176	17,944,197	37,802,931	90,479,128
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	-	-	-

The accompanying notes form an integral

STATEMENT OF NET ASSETS
AT DECEMBER 31, 2009 (CONTINUED)

Franklin Technology Fund	Franklin U.S. Equity Fund	Franklin U.S. Focus Fund	Franklin U.S. Government Fund	Franklin U.S. Opportunities Fund	Franklin U.S. Small-Mid Cap Growth Fund	Franklin U.S. Total Return Fund
(USD)	(USD)	(USD)	(USD)	(USD)	(USD)	(USD)
166,359,022	503,424,832	9,657,965	2,323,979,842	764,019,532	32,481,411	38,918,896
6,208,463	32,521,212	438,049	34,680,772	25,020,205	1,617,115	9,612,793
-	-	-	-	-	-	-
831	32,890	-	-	450,471	-	-
4,989,070	2,148,517	559,535	3,854,716	4,058,134	63,515	108,666
6,316	565,348	7,486	9,589,724	144,939	10,421	370,308
10,169	10,004	-	40,356	-	-	6,026
-	-	-	-	-	-	290
-	-	-	-	-	-	7,302
-	-	-	-	-	-	-
-	-	-	-	-	-	-
177,573,871	538,702,803	10,663,035	2,372,145,410	793,693,281	34,172,462	49,024,281
2,921,300	3,384,824	-	27,595,809	21,180,576	25,492	7,389,653
1,870,948	1,170,492	3,316	13,420,176	449,604	118,798	251,770
-	-	-	-	-	-	-
-	1,346,156	265,426	65,390	366,675	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	134,755
-	-	-	-	-	-	-
129,170	388,742	7,152	1,128,588	551,248	27,801	24,799
158,006	372,977	7,228	1,617,669	582,242	38,328	42,730
5,079,424	6,663,191	283,122	43,827,632	23,130,345	210,419	7,843,707
172,494,447	532,039,612	10,379,913	2,328,317,778	770,562,936	33,962,043	41,180,574
89,066,631	328,454,736	3,908,033	2,393,496,020	452,577,568	24,424,393	27,699,155
133,248,036	186,499,067	4,587,040	1,551,406,244	729,292,850	31,515,579	46,717,257
130,129,167	264,384,191	-	1,559,253,199	327,199,031	44,032,933	76,706,239

part of these financial statements

STATEMENT OF NET ASSETS AT DECEMBER 31, 2009 (CONTINUED)

	Franklin U.S. Ultra Short Bond Fund (USD)	Franklin World Perspectives Fund (USD)	Franklin Mutual Beacon Fund (USD)	Franklin Mutual Euroland Fund* (EUR)	Franklin Mutual European Fund (EUR)
ASSETS					
Investment in securities at market value (note 2(b))	102,864,757	31,590,432	1,198,602,760	9,086,206	2,413,699,614
Cash	8,639,364	68,483	54,385,561	1,643,627	18,182,033
Time deposits and repurchase agreements (note 19)	-	1,200,000	-	-	155,606,440
Amounts receivable on sale of investments	398,126	26,205	1,187,022	998	19,251,190
Amounts receivable on subscriptions	492,437	8,057	1,860,664	6,384	8,677,809
Interest and dividends receivable, net	342,554	88,801	1,493,572	12,372	4,423,496
Other receivables	11,245	1,786	174,286	9,405	2,042,143
Unrealised profit on forward foreign exchange contracts (note 4)	-	-	4,316,670	-	-
Unrealised profit on credit default swaps (note 5)	-	-	-	-	-
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	9,991	-	-
TOTAL ASSETS	112,748,483	32,983,764	1,262,030,526	10,758,992	2,621,882,725
LIABILITIES					
Amounts payable on purchases of investments	-	34,707	351,977	-	36,358
Amounts payable on redemptions	4,063,012	2,522	3,150,158	25,155	5,595,096
Bank overdraft	-	-	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	-	-	-	-	-
Unrealised loss on interest rate swaps (note 6)	-	-	-	-	-
Unrealised loss on financial future contracts (note 7)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
Investment management fees payable (note 3)	60,631	24,059	999,315	7,769	2,078,917
Taxes and expense payable	99,412	22,449	1,723,001	5,889	2,926,365
TOTAL LIABILITIES	4,223,055	83,737	6,224,451	38,813	10,636,736
TOTAL NET ASSETS	108,525,428	32,900,027	1,255,806,075	10,720,179	2,611,245,989
THREE YEAR ASSET SUMMARY					
June 30, 2009	91,095,674	26,153,247	1,106,317,603	14,446,829	2,540,051,273
June 30, 2008	63,539,119	-	2,038,468,236	-	4,378,425,615
June 30, 2007	119,163,368	-	3,976,435,089	-	4,018,774,922

The accompanying notes form an integral

STATEMENT OF NET ASSETS
AT DECEMBER 31, 2009 (CONTINUED)

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)	Templeton Asian Growth Fund (USD)
929,488,359	55,907,450	444,000,284	82,718,170	9,441,616,150	624,386,892	8,046,482,946
2,200,000	317,538	46,615,372	4,817	111,303,391	5,012,444	9,700
11,468,000	5,500,000	-	2,690,000	-	69,200,000	198,630,000
1,388,529	232,028	124,862	15,413	69,610,021	-	-
3,889,639	95,514	640,326	334,824	11,541,577	5,719,309	55,335,498
989,599	55,451	3,115,841	64,974	6,002,276	10,543,068	9,480,095
1,872,458	3,788	33,453	15,352	-	8,827	72,341
-	-	-	-	-	785,507	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
951,296,584	62,111,769	494,530,138	85,843,550	9,640,073,415	715,656,047	8,310,010,580
1,475,671	24,616	214,762	-	38,381,211	4,915	12,561,221
1,460,958	50,967	429,885	56,954	24,267,142	1,768,302	53,391,572
4,380,832	-	-	-	-	-	-
2,729,127	328,341	5,156,732	-	-	-	4,218,352
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,862,440	-	37,765	-	-	-	-
758,304	66,227	416,765	69,193	7,782,691	425,007	8,257,534
872,655	52,153	493,604	77,716	15,764,810	1,634,874	7,280,817
15,539,987	522,304	6,749,513	203,863	86,195,854	3,833,098	85,709,496
935,756,597	61,589,465	487,780,625	85,639,687	9,553,877,561	711,822,949	8,224,301,084
768,426,316	48,381,115	414,325,706	41,662,310	11,648,307,443	306,350,532	5,003,281,807
583,586,135	9,289,246	210,159,691	47,903,942	28,640,457,830	801,249,143	6,348,631,189
483,544,310	-	-	31,503,432	62,219,368,412	543,324,970	6,668,399,635

part of these financial statements

STATEMENT OF NET ASSETS AT DECEMBER 31, 2009 (CONTINUED)

	Templeton Asian Smaller Companies Fund (USD)	Templeton BRIC Fund (USD)	Templeton China Fund (USD)	Templeton Eastern Europe Fund (EUR)	Templeton Emerging Markets Fund (USD)
ASSETS					
Investment in securities at market value (note 2(b))	21,937,440	2,732,865,184	952,455,373	695,059,287	1,257,250,286
Cash	1,827,094	3,492,236	394,493	246,114	281,837
Time deposits and repurchase agreements (note 19)	-	78,300,000	17,900,000	18,355,000	64,300,000
Amounts receivable on sale of investments	-	68,532	-	692,700	7,903,536
Amounts receivable on subscriptions	189,402	27,212,293	7,738,034	3,669,889	5,817,088
Interest and dividends receivable, net	15,239	6,187,862	34,515	75,410	4,127,490
Other receivables	111	55,579	525	388,163	99,855
Unrealised profit on forward foreign exchange contracts (note 4)	-	-	-	-	-
Unrealised profit on credit default swaps (note 5)	-	-	-	-	-
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
TOTAL ASSETS	23,969,286	2,848,181,686	978,522,940	718,486,563	1,339,780,092
LIABILITIES					
Amounts payable on purchases of investments	379,215	15,016,881	282,419	1,777,059	338,178
Amounts payable on redemptions	100,000	12,532,148	3,372,038	4,551,430	3,747,429
Bank overdraft	-	-	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	-	1,057,348	-	-	-
Unrealised loss on interest rate swaps (note 6)	-	-	-	-	-
Unrealised loss on financial future contracts (note 7)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
Investment management fees payable (note 3)	20,068	3,618,427	1,270,777	911,027	1,668,373
Taxes and expense payable	11,482	3,084,645	934,515	1,000,890	1,459,654
TOTAL LIABILITIES	510,765	35,309,449	5,859,749	8,240,406	7,213,634
TOTAL NET ASSETS	23,458,521	2,812,872,237	972,663,191	710,246,157	1,332,566,458
THREE YEAR ASSET SUMMARY					
June 30, 2009	9,190,269	1,707,702,485	670,340,808	418,499,527	938,247,442
June 30, 2008	-	2,603,423,258	661,040,772	851,335,704	1,385,750,299
June 30, 2007	-	1,665,679,700	943,153,254	1,535,470,469	1,547,177,640

The accompanying notes form an integral

STATEMENT OF NET ASSETS AT DECEMBER 31, 2009 (CONTINUED)

Templeton Emerging Markets Bond Fund (USD)	Templeton Emerging Markets Smaller Companies Fund (USD)	Templeton Euro Government Bond Fund* (EUR)	Templeton Euro Liquid Reserve Fund (EUR)	Templeton Euro Money Market Fund** (EUR)	Templeton Euroland Fund (EUR)	Templeton European Fund (EUR)
1,935,962,604	207,911,761	17,438,438	96,747,962	21,588,649	149,153,955	170,008,064
3,026,242	8,985,529	9,251	2,665	8,266	174,758	154,148
276,800,000	-	890,000	14,745,000	1,780,000	3,950,000	2,760,000
-	1,037,547	-	-	-	-	-
43,043,237	912,294	72,393	677,600	-	30,546	424,977
41,499,863	390,960	365,425	103,802	52,158	13,952	183,515
-	5,211	-	-	6,122	156,113	108,912
18,690,449	-	-	-	-	-	-
-	-	-	-	-	-	-
3,866,564	-	-	-	-	-	-
-	-	-	-	-	-	-
2,322,888,959	219,243,302	18,775,507	112,277,029	23,435,195	153,479,324	173,639,616
199,576	2,705,371	-	-	-	-	117
8,342,068	940,879	33,970	392,659	-	303,497	616,071
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,698,828	282,785	7,765	26,028	3,977	120,222	131,672
3,105,248	267,316	20,888	95,743	4,476	190,284	132,129
13,345,720	4,196,351	62,623	514,430	8,453	614,003	879,989
2,309,543,239	215,046,951	18,712,884	111,762,599	23,426,742	152,865,321	172,759,627
1,082,133,643	168,712,514	16,836,124	95,182,412	-	136,356,941	144,814,010
1,301,111,924	337,862,226	27,728,076	130,874,425	-	258,107,008	159,284,716
1,050,795,188	-	14,715,203	89,849,196	-	1,155,494,126	384,654,156

*This Fund had its name changed effective on November 30, 2009 (previously Templeton Euroland Bond Fund)

**This Fund was launched on October 23, 2009

part of these financial statements

STATEMENT OF NET ASSETS AT DECEMBER 31, 2009 (CONTINUED)

	Templeton European Total Return Fund (EUR)	Templeton Frontier Markets Fund (USD)	Templeton Global Fund (USD)	Templeton Global (Euro) Fund (EUR)	Templeton Global Balanced Fund (USD)
ASSETS					
Investment in securities at market value (note 2(b))	72,064,311	40,076,762	1,178,630,806	554,328,684	713,958,625
Cash	54,066	2,707,526	10,677,810	3,626,251	88,513
Time deposits and repurchase agreements (note 19)	3,560,000	-	29,600,000	11,220,000	38,780,000
Amounts receivable on sale of investments	-	-	71,893	27,871	-
Amounts receivable on subscriptions	134,344	1,457,160	1,772,506	236,043	1,231,067
Interest and dividends receivable, net	1,581,930	42,379	1,695,867	701,577	5,172,046
Other receivables	20,377	-	449,052	192,066	436,026
Unrealised profit on forward foreign exchange contracts (note 4)	145,922	-	-	-	-
Unrealised profit on credit default swaps (note 5)	-	-	-	-	-
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
TOTAL ASSETS	77,560,950	44,283,827	1,222,897,934	570,332,492	759,666,277
LIABILITIES					
Amounts payable on purchases of investments	-	7,358	230	302	-
Amounts payable on redemptions	121,574	203,644	2,151,367	526,875	816,511
Bank overdraft	-	-	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	-	418,343	-	93,840	354,127
Unrealised loss on interest rate swaps (note 6)	-	-	-	-	-
Unrealised loss on financial future contracts (note 7)	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-
Investment management fees payable (note 3)	49,102	53,587	963,387	458,502	512,552
Taxes and expense payable	123,010	45,854	1,247,290	568,939	1,004,684
TOTAL LIABILITIES	293,686	728,786	4,362,274	1,648,458	2,687,874
TOTAL NET ASSETS	77,267,264	43,555,041	1,218,535,660	568,684,034	756,978,403
THREE YEAR ASSET SUMMARY					
June 30, 2009	89,996,188	10,932,543	1,002,383,266	472,030,578	647,982,642
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

The accompanying notes form an integral

STATEMENT OF NET ASSETS
AT DECEMBER 31, 2009 (CONTINUED)

Templeton Global Bond Fund (USD)	Templeton Global Bond (Euro) Fund (EUR)	Templeton Global Equity Income Fund (USD)	Templeton Global High Yield Fund (USD)	Templeton Global Income Fund (USD)	Templeton Global Smaller Companies Fund (USD)	Templeton Global Total Return Fund (USD)
14,229,799,342	143,332,383	118,379,497	18,695,285	121,293,029	213,698,161	4,016,744,951
27,216,880	1,601,434	46,138	2,206,743	404,159	100,834	88,843,326
819,750,000	43,640,000	4,650,000	-	16,290,000	6,970,000	-
-	-	-	-	-	111,195	1,019,180
140,963,383	4,403,261	385,104	513,100	216,870	926,532	39,692,005
288,129,395	2,299,416	277,645	359,847	1,499,461	213,099	83,132,832
19,845	465,004	90,602	-	44,790	-	1,025,693
80,655,933	-	-	42,115	-	-	91,452,578
-	-	-	-	-	-	-
34,343,671	-	-	-	-	-	21,567,223
-	-	-	-	-	-	-
15,620,878,449	195,741,498	123,828,986	21,817,090	139,748,309	222,019,821	4,343,477,788
3,115,378	3,524	-	896,688	298	-	863,924
37,945,510	309,925	127,967	51,570	436,670	1,503,078	7,052,302
-	-	-	-	-	-	-
-	6,280,513	-	-	319,078	-	-
-	42,174	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9,367,201	113,599	104,096	11,992	96,478	183,610	2,573,690
19,813,556	285,630	147,334	23,293	209,230	224,969	6,330,715
70,241,645	7,035,365	379,397	983,543	1,061,754	1,911,657	16,820,631
15,550,636,804	188,706,133	123,449,589	20,833,547	138,686,555	220,108,164	4,326,657,157
9,472,784,421	137,972,094	99,738,750	9,856,828	97,979,719	125,392,526	2,481,854,834
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

part of these financial statements

STATEMENT OF NET ASSETS AT DECEMBER 31, 2009 (CONTINUED)

	Templeton Growth (Euro) Fund	Templeton Korea Fund	Templeton Latin America Fund	Templeton Thailand Fund	Templeton U.S. Dollar Liquid Reserve Fund	Templeton U.S. Value Fund
	(EUR)	(USD)	(USD)	(USD)	(USD)	(USD)
ASSETS						
Investment in securities at market value (note 2(b))	4,270,090,470	102,900,942	3,254,355,000	148,433,293	147,623,221	21,222,157
Cash	11,886,052	12,510	2,723,510	-	95,659,999	940,838
Time deposits and repurchase agreements (note 19)	190,251,831	1,750,000	81,830,000	-	-	-
Amounts receivable on sale of investments	2,149,427	2,211,577	2,843,893	3,333,052	-	-
Amounts receivable on subscriptions	4,707,687	747,101	26,959,432	461,238	3,399,522	255,098
Interest and dividends receivable, net	5,968,762	18,880	9,441,624	-	266,963	23,511
Other receivables	676,453	185	19,629	174	-	-
Unrealised profit on forward foreign exchange contracts (note 4)	-	-	-	-	-	-
Unrealised profit on credit default swaps (note 5)	-	-	-	-	-	-
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-	-
TOTAL ASSETS	4,485,730,682	107,641,195	3,378,173,088	152,227,757	246,949,705	22,441,604
LIABILITIES						
Amounts payable on purchases of investments	126	-	6,398,403	-	-	-
Amounts payable on redemptions	5,582,227	797,404	16,859,725	4,013,543	2,537,404	41,629
Bank overdraft	-	-	-	2,033,181	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	30,925	-	654,522	-	-	35,352
Unrealised loss on interest rate swaps (note 6)	-	-	-	-	-	-
Unrealised loss on financial future contracts (note 7)	-	-	-	-	-	-
Option contracts at market value (note 8)	-	-	-	-	-	-
Investment management fees payable (note 3)	3,688,496	141,639	3,575,542	200,654	63,175	19,600
Taxes and expense payable	4,587,441	126,133	3,002,772	184,886	170,293	22,683
TOTAL LIABILITIES	13,889,215	1,065,176	30,490,964	6,432,264	2,770,872	119,264
TOTAL NET ASSETS	4,471,841,467	106,576,019	3,347,682,124	145,795,493	244,178,833	22,322,340
THREE YEAR ASSET SUMMARY						
June 30, 2009	3,583,682,816	74,580,646	2,234,440,086	118,376,363	332,851,770	16,843,928
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

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, 2009 (see Note 17)	Shares Outstanding December 31, 2009	Net Asset Value per Share		
			December 31, 2009	June 30, 2009	June 30, 2008
Franklin Asian Flex Cap Fund – USD					
Franklin Asian Flex Cap – A (Acc)	2.00%	631,280.224	12.14	9.95	11.15
Franklin Asian Flex Cap – A (Acc) – SGD	1.95%	3,811.908	7.60	6.42	6.76
Franklin Asian Flex Cap – A (Ydis)	2.00%	277,225.717	12.05	9.94	11.13
Franklin Asian Flex Cap – A (Ydis) – GBP	2.00%	116,394.041	7.46	6.04	5.59
Franklin Asian Flex Cap – B (Acc)	3.25%	1,038,110.480	11.67	9.63	10.92
Franklin Asian Flex Cap – C (Acc)	2.60%	61,089.139	11.87	9.76	11.00
Franklin Asian Flex Cap – I (Acc)	1.00%	320,454.520	12.57	10.26	11.37
Franklin Asian Flex Cap – I (Ydis)	1.00%	99,700.000	12.16	10.06	11.26
Franklin Asian Flex Cap – N (Acc)	2.74%	98,191.190	11.84	9.74	11.00
Franklin Biotechnology Discovery Fund – USD					
Franklin Biotechnology Discovery – A (Acc)	2.09%	5,275,819.935	8.68	8.02	8.33
Franklin Biotechnology Discovery – A (Acc) – SGD	2.10%	1,575,761.408	8.89	8.46	8.26
Franklin Biotechnology Discovery – B (Acc)	3.41%	463,618.919	7.69	7.14	7.53
Franklin Biotechnology Discovery – C (Acc)	2.54%	25,062.042	10.78	9.97	10.44
Franklin Biotechnology Discovery – I (Acc)	0.97%	66,165.301	12.17	11.21	11.53
Franklin Biotechnology Discovery – N (Acc)	2.85%	426,507.466	8.01	7.42	7.77
Franklin Euroland Core Fund – EUR					
Franklin Euroland Core – A (Acc)	1.85%	207,202.906	13.11	10.48	–
Franklin Euroland Core – A (Acc) – USD	1.84%	177,416.582	14.78	11.57	–
Franklin Euroland Core – I (Acc)	0.95%	638,569.604	13.24	10.53	–
Franklin Euroland Core – I (Acc) – USD	0.95%	811,047.233	14.93	11.63	–
Franklin Euroland Core – N (Acc)	2.60%	46,232.841	13.01	10.43	–
Franklin European Growth Fund – EUR					
Franklin European Growth – A (Acc)	1.89%	10,973,677.996	8.35	6.90	7.52
Franklin European Growth – A (Ydis) GBP	1.90%	301.942	10.34	0.00	–
Franklin European Growth – I (Acc)	0.99%	2,196,770.368	15.56	12.80	13.80
Franklin European Growth – N (Acc)	2.65%	2,852,452.245	7.78	6.46	7.09
Franklin European Small-Mid Cap Growth Fund – EUR					
Franklin European Small-Mid Cap Growth – A (Acc)	1.90%	5,001,232.794	17.79	14.66	16.58
Franklin European Small-Mid Cap Growth – A (Acc) – USD	1.89%	66,951.752	25.48	20.57	26.12
Franklin European Small-Mid Cap Growth – A (Ydis) GBP	1.97%	301.902	10.34	–	–
Franklin European Small-Mid Cap Growth – B (Acc) – USD	3.20%	38,210.822	25.55	20.76	26.71
Franklin European Small-Mid Cap Growth – I (Acc)	0.99%	2,097,346.357	20.11	16.49	18.45
Franklin European Small-Mid Cap Growth – I (Acc) – USD	1.00%	164,514.496	28.77	23.13	29.04
Franklin European Small-Mid Cap Growth – N (Acc)	2.65%	751,658.269	17.35	14.35	16.35
Franklin Global Growth Fund – USD					
Franklin Global Growth – A (Acc)	1.90%	4,654,524.579	10.18	7.92	11.42
Franklin Global Growth – I (Acc)	0.98%	101,310.703	8.46	6.54	9.53
Franklin Global Growth – N (Acc)	2.66%	690,430.271	9.50	7.42	10.78
Franklin Global Real Estate (Euro) Fund – EUR					
Franklin Global Real Estate (Euro) – A (Acc)	1.94%	1,596,779.635	6.34	4.89	8.87
Franklin Global Real Estate (Euro) – A (Ydis)	1.93%	121,685.143	8.51	6.81	12.61
Franklin Global Real Estate (Euro) – I (Acc)	0.98%	19,352.491	6.82	5.05	9.07
Franklin Global Real Estate (Euro) – I (Ydis)	0.99%	3,565.031	5.94	4.79	8.89
Franklin Global Real Estate (Euro) – N (Acc)	2.69%	543,092.163	6.15	4.76	8.71
Franklin Global Real Estate (USD) Fund – USD					
Franklin Global Real Estate (USD) – A (Acc)	1.91%	3,241,413.913	7.04	5.38	9.15
Franklin Global Real Estate (USD) – A (Qdis)	1.92%	825,017.867	6.51	5.04	8.79
Franklin Global Real Estate (USD) – A (Qdis) – SGD	1.91%	2,709.272	5.42	4.33	7.10
Franklin Global Real Estate (USD) – B (Qdis)	3.23%	335,004.956	6.48	5.02	8.75
Franklin Global Real Estate (USD) – C (Qdis)	2.50%	1,148,110.159	6.49	5.03	8.77
Franklin Global Real Estate (USD) – I (Acc)	0.99%	199,778.929	7.30	5.56	9.35
Franklin Global Real Estate (USD) – I (Qdis)	0.99%	206,869.010	6.51	5.04	8.81
Franklin Global Real Estate (USD) – N (Acc)	2.68%	687,851.578	6.83	5.24	8.97
Franklin Global Real Estate (USD) – N (Qdis)	2.70%	26,551.006	6.51	5.04	8.79
Franklin Global Small-Mid Cap Growth Fund – USD					
Franklin Global Small-Mid Cap Growth – A (Acc)	1.92%	1,328,930.608	18.75	14.96	18.92
Franklin Global Small-Mid Cap Growth – B (Acc)	3.22%	89,373.555	16.91	13.57	17.39
Franklin Global Small-Mid Cap Growth – I (Acc)	0.98%	1,143,380.105	9.88	7.84	9.83
Franklin Global Small-Mid Cap Growth – N (Acc)	2.66%	233,285.764	17.55	14.05	17.90

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2009 (see Note 17)	Shares Outstanding December 31, 2009	Net Asset Value per Share		
			December 31, 2009	June 30, 2009	June 30, 2008
Franklin High Yield Fund – USD					
Franklin High Yield – A (Acc)	1.57%	5,979,400.280	11.75	10.05	11.07
Franklin High Yield – A (Mdis)	1.57%	255,191,401.884	6.53	5.79	6.93
Franklin High Yield – A (Mdis) – SGD hedged (H1)	1.57%	2,915,800.549	8.35	7.42	9.16
Franklin High Yield – B (Mdis)	2.98%	67,189,191.779	6.57	5.82	6.97
Franklin High Yield – C (Acc)	2.25%	1,540,310.004	15.81	13.58	15.05
Franklin High Yield – I (Acc)	0.80%	10,650,465.980	11.67	9.95	10.87
Franklin High Yield – I (Mdis)	0.80%	9,016,320.421	10.27	9.10	10.87
Franklin High Yield – N (Acc)	2.17%	1,806,172.089	12.71	10.91	12.09
Franklin High Yield (Euro) Fund – EUR					
Franklin High Yield (Euro) – A (Acc)	1.53%	3,631,616.295	11.43	9.86	10.98
Franklin High Yield (Euro) – A (Mdis)	1.55%	32,938,526.453	5.67	5.06	6.22
Franklin High Yield (Euro) – A (Ydis)	1.53%	10,955,247.912	5.83	5.52	6.59
Franklin High Yield (Euro) – B (Mdis)	3.50%	49,776.025	10.55	–	–
Franklin High Yield (Euro) – I (Acc)	0.88%	1,576,975.950	11.92	10.25	11.33
Franklin High Yield (Euro) – I (Mdis)	0.90%	455.389	8.59	7.66	9.43
Franklin High Yield (Euro) – I (Ydis)	0.87%	4,236,369.367	8.85	8.42	10.04
Franklin High Yield (Euro) – N (Acc)	2.13%	6,188,821.005	10.80	9.35	10.47
Franklin Income Fund – USD					
Franklin Income – A (Mdis)	1.73%	19,542,968.385	10.69	9.13	11.71
Franklin Income – A (Mdis) – SGD hedged (H1)	1.71%	4,305,367.367	7.77	6.65	8.84
Franklin Income – B (Mdis)	3.03%	13,145,378.193	10.24	8.75	11.22
Franklin Income – C (Acc)	2.30%	3,933,414.241	16.22	13.53	16.41
Franklin Income – C (Mdis)	2.31%	903,255.042	13.74	11.74	15.05
Franklin Income – I (Acc)	0.86%	359,805.232	12.89	10.67	12.76
Franklin Income – N (Acc)	2.23%	2,877,769.363	15.00	12.51	15.16
Franklin India Fund – USD					
Franklin India – A (Acc)	1.96%	18,609,305.912	22.16	17.55	16.98
Franklin India – A (Acc) – EUR	1.96%	5,576,628.467	18.73	15.14	13.04
Franklin India – A (Ydis) – EUR	1.92%	90,382.082	27.62	22.32	19.23
Franklin India – A (Ydis) – GBP	1.96%	519,520.092	24.47	19.03	15.20
Franklin India – B (Acc)	3.25%	1,670,194.682	21.03	16.76	16.41
Franklin India – C (Acc)	2.54%	870,653.486	21.62	17.17	16.71
Franklin India – I (Acc)	1.00%	7,880,401.474	23.06	18.18	17.41
Franklin India – I (Acc) – EUR	1.00%	128,214.748	19.47	15.65	13.36
Franklin India – I (Ydis) – EUR	1.00%	27,834.511	19.45	15.68	13.38
Franklin India – I (Ydis) – EUR – hedged (H2)	1.09%	592,474.418	10.60	–	–
Franklin India – N (Acc)	2.70%	1,842,547.488	21.48	17.08	16.64
Franklin India – N (Acc) – EUR	2.71%	2,554,998.486	18.22	14.78	12.83
Franklin India – N (Acc) – PLN hedged (H1)	2.76%	279,040.000	10.38	–	–
Franklin MENA Fund – USD					
Franklin MENA – A (Acc)	2.76%	3,071,189.633	4.19	4.24	9.83
Franklin MENA – A (Acc) – EUR	2.78%	525,219.639	2.91	3.00	6.24
Franklin MENA – A (Acc) – EUR hedged (H1)	2.75%	436,668.597	2.54	2.57	6.35
Franklin MENA – A (Ydis)	2.79%	14,271.458	4.69	4.83	–
Franklin MENA – A (Ydis) – EUR	2.76%	6,636.431	4.85	5.10	–
Franklin MENA – A (Ydis) – GBP	2.77%	172,799.694	5.47	5.49	–
Franklin MENA – B (Acc)	4.09%	435,124.090	4.10	4.18	9.82
Franklin MENA – C (Acc)	3.38%	20,670.474	4.15	4.21	9.82
Franklin MENA – I (Acc)	1.57%	80,000.000	4.26	4.28	9.83
Franklin MENA – I (Acc) – EUR	1.60%	425,115.456	2.98	3.05	6.24
Franklin MENA – I (Acc) – EUR hedged (H1)	1.56%	100,018.576	2.56	2.57	6.36
Franklin MENA – I (Ydis)	1.56%	484.420	4.86	5.04	–
Franklin MENA – N (Acc)	3.28%	95,589.380	4.15	4.21	9.83
Franklin MENA – N (Acc) – EUR hedged (H1)	3.25%	481,403.527	2.52	2.56	6.35
Franklin Natural Resources Fund – USD					
Franklin Natural Resources – A (Acc)	1.94%	6,369,281.213	8.42	6.58	12.70
Franklin Natural Resources – A (Acc) – EUR	1.97%	986,222.475	5.89	4.70	8.08
Franklin Natural Resources – A (Ydis)	1.96%	546,197.630	8.42	6.58	12.70
Franklin Natural Resources – C (Acc)	2.55%	463,630.424	7.97	6.24	12.12
Franklin Natural Resources – I (Acc)	0.97%	1,373,904.819	8.62	6.71	12.81
Franklin Natural Resources – I (Acc) – EUR	0.99%	488,022.257	6.03	4.79	8.14
Franklin Natural Resources – N (Acc) – EUR	2.72%	667,661.688	5.77	4.62	8.00

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2009 (see Note 17)	Shares Outstanding December 31, 2009	Net Asset Value per Share		
			December 31, 2009	June 30, 2009	June 30, 2008
Franklin Strategic Income Fund – USD					
Franklin Strategic Income – A (Acc)	1.35%	2,410,404.433	11.33	10.24	10.23
Franklin Strategic Income – A (Acc) – EUR	1.35%	210,063.391	7.93	7.31	6.50
Franklin Strategic Income – A (Mdis)	1.35%	2,992,734.882	10.17	9.41	9.87
Franklin Strategic Income – A (Mdis) – EUR	1.35%	165,570.269	7.11	6.71	6.27
Franklin Strategic Income – B (Mdis)	2.60%	1,783,791.772	10.16	9.40	9.86
Franklin Strategic Income – C (Mdis)	1.95%	2,702,053.387	10.16	9.40	9.86
Franklin Strategic Income – I (Acc)	0.78%	327,106.115	11.48	10.35	10.29
Franklin Technology Fund – USD					
Franklin Technology – A (Acc)	1.85%	22,422,340.811	5.89	4.53	5.44
Franklin Technology – A (Acc) – EUR	1.85%	355,609.811	4.12	3.23	3.46
Franklin Technology – B (Acc)	3.18%	446,373.595	5.18	4.01	4.88
Franklin Technology – C (Acc)	2.46%	108,742.147	12.02	9.27	11.20
Franklin Technology – I (Acc) – EUR	0.97%	1,262,473.662	7.11	5.56	5.90
Franklin Technology – N (Acc)	2.62%	1,540,698.897	5.29	4.08	4.94
Franklin Technology – N (Acc) – EUR	2.62%	2,603,704.786	3.70	2.91	3.14
Franklin U.S. Equity Fund – USD					
Franklin U.S. Equity – A (Acc)	1.86%	15,888,003.275	14.43	12.12	14.99
Franklin U.S. Equity – A (Acc) – EUR	1.85%	1,556,005.362	10.07	8.63	9.51
Franklin U.S. Equity – A (Acc) – EUR hedged (H1)	1.84%	1,287,928.437	10.35	8.75	11.06
Franklin U.S. Equity – B (Acc)	3.17%	1,759,181.638	12.56	10.62	13.31
Franklin U.S. Equity – C (Acc)	2.44%	1,080,898.380	12.88	10.85	13.50
Franklin U.S. Equity – I (Acc)	0.96%	12,819,996.569	11.36	9.50	11.65
Franklin U.S. Equity – I (Acc) – EUR	0.97%	1,713,029.424	7.35	6.27	6.85
Franklin U.S. Equity – I (Acc) – EUR hedged (H1)	0.96%	2,085,921.455	6.97	5.85	7.54
Franklin U.S. Equity – N (Acc)	2.61%	1,771,068.358	13.34	11.25	14.02
Franklin U.S. Equity – N (Acc) – EUR	2.62%	1,284,134.870	9.30	8.01	8.89
Franklin U.S. Focus Fund – USD					
Franklin U.S. Focus – A (Acc)	1.86%	93,641.663	9.06	7.22	9.03
Franklin U.S. Focus – A (Acc) – EUR hedged (H1)	1.85%	241,214.954	5.48	4.39	5.85
Franklin U.S. Focus – I (Acc)	0.97%	180,652.000	9.19	7.29	9.04
Franklin U.S. Focus – I (Acc) – EUR hedged (H1)	0.96%	463,464.706	5.55	4.45	5.86
Franklin U.S. Focus – N (Acc)	2.64%	22,913.985	8.96	7.16	9.02
Franklin U.S. Focus – N (Acc) – EUR hedged (H1)	2.59%	269,807.297	5.41	4.35	5.84
Franklin U.S. Government Fund – USD					
Franklin U.S. Government – A (Mdis)	1.28%	92,347,211.718	9.40	9.34	9.12
Franklin U.S. Government – A (Mdis) – SGD hedged (H1)	1.28%	745,839.076	10.19	10.09	9.93
Franklin U.S. Government – AX (Acc)	1.50%	22,440,105.057	13.51	13.22	12.43
Franklin U.S. Government – B (Acc)	2.56%	1,131,673.162	11.65	11.45	10.89
Franklin U.S. Government – B (Mdis)	2.52%	16,772,358.630	9.41	9.34	9.14
Franklin U.S. Government – C (Acc)	2.07%	4,928,742.167	12.24	12.01	11.36
Franklin U.S. Government – I (Acc)	0.60%	3,196,651.291	11.39	11.09	10.34
Franklin U.S. Government – I (Mdis)	0.60%	80,129,927.246	9.82	9.77	9.55
Franklin U.S. Government – N (Acc)	2.01%	5,284,905.290	12.79	12.55	11.86
Franklin U.S. Government – N (Mdis)	2.00%	3,134,582.429	9.46	9.38	9.12
Franklin U.S. Opportunities Fund – USD					
Franklin U.S. Opportunities – A (Acc)	1.85%	60,578,093.925	6.19	4.97	6.82
Franklin U.S. Opportunities – A (Acc) – EUR	1.84%	10,579,222.559	4.33	3.54	4.33
Franklin U.S. Opportunities – A (Acc) – EUR hedged (H1)	1.83%	1,309,293.336	4.38	3.53	4.94
Franklin U.S. Opportunities – A (Acc) – SGD	1.84%	787,741.094	7.74	6.40	8.26
Franklin U.S. Opportunities – A (Ydis) – EUR	1.85%	232,460.560	4.41	3.61	4.42
Franklin U.S. Opportunities – A (Ydis) – GBP	1.84%	182,831.110	3.83	3.01	3.42
Franklin U.S. Opportunities – B (Acc)	3.15%	2,948,668.420	5.45	4.40	6.13
Franklin U.S. Opportunities – C (Acc)	2.43%	1,240,639.269	10.43	8.39	11.60
Franklin U.S. Opportunities – I (Acc)	0.97%	10,895,338.817	14.79	11.81	16.09
Franklin U.S. Opportunities – I (Acc) – EUR	0.96%	5,141,997.629	10.33	8.42	10.22
Franklin U.S. Opportunities – I (Acc) – EUR hedged (H1)	0.97%	936,209.148	10.36	8.31	11.57
Franklin U.S. Opportunities – N (Acc)	2.59%	1,858,241.244	13.18	10.61	14.69
Franklin U.S. Opportunities – N (Acc) – EUR	2.60%	694,327.237	9.20	7.56	9.32
Franklin U.S. Opportunities – N (Acc) – PLN hedged (H1)	2.63%	279,040.000	10.65	–	–

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2009 (see Note 17)	Shares Outstanding December 31, 2009	Net Asset Value per Share		
			December 31, 2009	June 30, 2009	June 30, 2008
Franklin U.S. Small-Mid Cap Growth Fund – USD					
Franklin U.S. Small-Mid Cap Growth – A (Acc)	1.94%	2,629,494.422	10.02	8.08	11.01
Franklin U.S. Small-Mid Cap Growth – B (Acc)	3.25%	149,358.918	14.73	11.96	16.50
Franklin U.S. Small-Mid Cap Growth – C (Acc)	2.55%	242,027.186	9.63	7.79	10.67
Franklin U.S. Small-Mid Cap Growth – I (Acc)	1.00%	44,123.000	9.41	7.55	10.18
Franklin U.S. Small-Mid Cap Growth – N (Acc)	2.70%	284,938.007	9.33	7.55	10.36
Franklin U.S. Total Return Fund – USD					
Franklin U.S. Total Return – A (Acc)	1.20%	1,244,810.810	12.46	11.46	11.72
Franklin U.S. Total Return – A (Mdis)	1.20%	472,149.790	9.81	9.17	9.79
Franklin U.S. Total Return – B (Acc)	2.65%	288,044.538	11.37	10.54	10.93
Franklin U.S. Total Return – B (Mdis)	2.65%	9,795.232	9.79	9.17	9.78
Franklin U.S. Total Return – C (Mdis)	2.23%	215,451.750	9.80	9.17	9.78
Franklin U.S. Total Return – I (Acc)	0.83%	476,423.771	11.94	10.96	11.18
Franklin U.S. Total Return – I (Mdis)	0.85%	387,343.317	10.34	9.68	10.32
Franklin U.S. Total Return – N (Mdis)	1.90%	598,875.489	9.79	9.17	9.78
Franklin U.S. Ultra Short Bond Fund – USD					
Franklin U.S. Ultra Short Bond – A (Mdis)	1.15%	3,686,409.888	9.60	9.53	9.76
Franklin U.S. Ultra Short Bond – AX (Acc)	1.35%	3,786,346.015	11.39	11.23	11.30
Franklin U.S. Ultra Short Bond – B (Acc)	2.35%	291,436.492	10.68	10.59	10.76
Franklin U.S. Ultra Short Bond – B (Mdis)	2.35%	286,716.792	9.59	9.53	9.76
Franklin U.S. Ultra Short Bond – C (Mdis)	2.08%	1,303,528.294	9.59	9.53	9.75
Franklin U.S. Ultra Short Bond – I (Acc)	0.69%	80,168.696	11.59	11.38	11.38
Franklin U.S. Ultra Short Bond – N (Mdis)	1.85%	1,118,736.024	9.59	9.52	9.75
Franklin World Perspectives Fund – USD					
Franklin World Perspectives – A (Acc)	1.84%	427,980.414	12.47	10.03	–
Franklin World Perspectives – A (Acc) – EUR	1.84%	300,382.392	11.88	9.75	–
Franklin World Perspectives – A (Ydis) – GBP	1.84%	143,484.375	13.45	10.62	–
Franklin World Perspectives – B (Acc)	3.16%	500.000	13.81	11.18	–
Franklin World Perspectives – C (Acc)	2.45%	16,124.240	13.92	11.23	–
Franklin World Perspectives – I (Acc)	0.99%	434,664.000	12.60	10.09	–
Franklin World Perspectives – I (Acc) – EUR	0.99%	293,179.920	12.01	9.81	–
Franklin World Perspectives – I (Ydis) – GBP	0.99%	143,484.375	13.52	10.68	–
Franklin World Perspectives – N (Acc)	2.59%	441,700.715	12.36	9.98	–
Franklin Mutual Beacon Fund – USD					
Franklin Mutual Beacon – A (Acc)	1.89%	14,755,851.714	42.48	34.74	46.87
Franklin Mutual Beacon – A (Acc) – EUR	1.88%	1,020,008.266	29.71	24.79	29.79
Franklin Mutual Beacon – A (Acc) – EUR hedged (H1)	1.88%	785,378.933	29.28	24.07	34.49
Franklin Mutual Beacon – A (Acc) – SGD	1.89%	688,302.857	7.13	6.01	7.62
Franklin Mutual Beacon – A (Ydis)	1.89%	198,160.975	41.48	33.92	46.23
Franklin Mutual Beacon – B (Acc)	3.20%	3,765,766.732	20.75	17.08	23.35
Franklin Mutual Beacon – B (Ydis) – EUR	3.19%	9,347.210	14.50	12.18	14.83
Franklin Mutual Beacon – C (Acc)	2.47%	3,999,699.848	12.45	10.21	13.86
Franklin Mutual Beacon – I (Acc)	1.00%	17,289,759.356	11.18	9.10	12.17
Franklin Mutual Beacon – I (Acc) – EUR	1.00%	4,983,190.068	7.80	6.48	7.72
Franklin Mutual Beacon – I (Acc) – EUR hedged (H1)	0.99%	957,359.100	7.73	6.32	8.84
Franklin Mutual Beacon – N (Acc)	2.64%	4,185,839.614	22.01	18.07	24.56
Franklin Mutual Beacon – N (Acc) – EUR	2.63%	2,439,339.031	15.35	12.86	15.57
Franklin Mutual Beacon – N (Acc) – EUR hedged (H1)	2.61%	338,891.953	15.24	12.57	18.08
Franklin Mutual Euroland Fund – EUR					
Franklin Mutual Euroland – A (Acc)	1.84%	439,194.790	11.82	9.92	–
Franklin Mutual Euroland – A (Acc) – USD	1.85%	10,740.536	12.39	10.20	–
Franklin Mutual Euroland – I (Acc)	1.00%	239,945.138	11.95	9.99	–
Franklin Mutual Euroland – I (Acc) – USD	0.89%	236,399.725	12.53	10.27	–
Franklin Mutual Euroland – N (Acc)	2.62%	42,689.391	11.71	9.87	–

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2009 (see Note 17)	Shares Outstanding December 31, 2009	Net Asset Value per Share		
			December 31, 2009	June 30, 2009	June 30, 2008
Franklin Mutual European Fund – EUR					
Franklin Mutual European – A (Acc)	1.85%	87,307,133.514	15.14	12.84	16.67
Franklin Mutual European – A (Acc) – SGD	1.86%	500.000	7.07	6.07	8.29
Franklin Mutual European – A (Acc) – USD	1.86%	19,229,149.917	21.67	18.01	26.24
Franklin Mutual European – A (Ydis)	1.86%	1,602,921.789	14.33	12.31	16.20
Franklin Mutual European – A (Ydis) – GBP	1.88%	199,271.574	12.77	10.55	12.87
Franklin Mutual European – B (Acc) – USD	3.16%	3,270,129.149	19.16	16.03	23.67
Franklin Mutual European – B (Ydis)	3.17%	53,894.928	13.22	11.31	14.96
Franklin Mutual European – C (Acc)	2.46%	506,390.719	14.17	12.05	15.73
Franklin Mutual European – C (Acc) – USD	2.44%	1,508,392.457	20.29	16.91	24.78
Franklin Mutual European – I (Acc)	0.98%	43,488,036.760	13.25	11.19	14.40
Franklin Mutual European – I (Ydis)	0.98%	2,219,058.787	12.52	10.80	14.23
Franklin Mutual European – N (Acc)	2.61%	20,753,921.583	13.19	11.23	14.69
Franklin Mutual European – N (Acc) – USD	2.60%	1,642,183.164	18.80	15.68	23.03
Franklin Mutual Global Discovery Fund – USD					
Franklin Mutual Global Discovery – A (Acc)	1.87%	16,096,538.496	12.24	11.01	12.43
Franklin Mutual Global Discovery – A (Acc) – CHF hedged (H1)	1.89%	108,260.680	10.25	–	–
Franklin Mutual Global Discovery – A (Acc) – EUR	1.87%	8,431,048.954	10.34	9.49	9.55
Franklin Mutual Global Discovery – A (Acc) – EUR hedged (H2)	1.86%	3,483,580.378	8.36	7.60	9.14
Franklin Mutual Global Discovery – A (Ydis) – EUR	1.87%	586,019.631	14.82	13.60	13.82
Franklin Mutual Global Discovery – A (Ydis) – GBP	1.85%	77,711.936	13.14	11.61	10.93
Franklin Mutual Global Discovery – B (Acc)	3.19%	3,153,200.414	11.61	10.51	12.02
Franklin Mutual Global Discovery – C (Acc)	2.46%	6,686,551.506	11.94	10.76	12.23
Franklin Mutual Global Discovery – I (Acc)	0.98%	12,685,480.871	12.71	11.38	12.73
Franklin Mutual Global Discovery – I (Acc) – EUR	0.97%	5,126,531.559	10.74	9.81	9.78
Franklin Mutual Global Discovery – I (Acc) – EUR hedged (H2)	0.97%	2,009,564.697	11.15	10.11	–
Franklin Mutual Global Discovery – I (Ydis) – EUR	0.98%	469,171.471	10.31	9.51	9.66
Franklin Mutual Global Discovery – N (Acc)	2.63%	3,836,850.044	11.86	10.70	12.18
Franklin Mutual Global Discovery – N (Acc) – EUR	2.62%	2,963,255.221	10.00	9.22	9.34
Franklin Mutual Global Discovery – N (Acc) – EUR hedged (H2)	2.62%	6,133,137.282	8.38	7.66	9.25
Franklin Templeton Global Equity Strategies Fund – USD					
Franklin Templeton Global Equity Strategies – A (Acc)	2.22%	1,006,101.363	9.36	7.62	9.15
Franklin Templeton Global Equity Strategies – A (Acc) – EUR	2.22%	4,136,387.028	6.54	5.43	5.81
Franklin Templeton Global Equity Strategies – A (Acc) – EUR hedged (H1)	2.19%	955,895.845	5.85	4.80	5.92
Franklin Templeton Global Equity Strategies – A (Ydis)	2.23%	69,023.829	9.35	7.61	9.15
Franklin Templeton Global Equity Strategies – A (Ydis) – EUR	2.22%	513,534.188	6.53	5.43	5.81
Franklin Templeton Global Fundamental Strategies Fund – USD					
Franklin Templeton Global Fundamental Strategies – A (Acc)	1.91%	7,115,043.165	9.36	8.20	9.18
Franklin Templeton Global Fundamental Strategies – A (Acc) – EUR	1.91%	28,202,036.679	6.55	5.85	5.83
Franklin Templeton Global Fundamental Strategies – A (Acc) – EUR hedged (H1)	1.88%	14,118,617.684	6.47	5.69	6.41
Franklin Templeton Global Fundamental Strategies – A (Ydis)	1.91%	430,966.929	9.20	8.13	9.18
Franklin Templeton Global Fundamental Strategies – A (Ydis) – EUR	1.91%	1,520,347.341	6.44	5.81	5.83
Franklin Templeton Global Fundamental Strategies – B (Acc)	3.23%	23,073.211	9.11	8.03	9.10
Franklin Templeton Global Fundamental Strategies – C (Acc)	2.49%	21,866.636	9.24	8.12	9.14
Franklin Templeton Global Fundamental Strategies – I (Acc) – EUR	1.00%	57,978.007	6.66	5.94	5.87
Franklin Templeton Global Fundamental Strategies – N (Acc) – EUR hedged (H1)	2.65%	686,864.306	6.11	5.39	6.12
Franklin Templeton Global Fundamental Strategies – N (Acc) – PLN hedged (H1)	2.72%	279,040.000	10.17	–	–
Franklin Templeton Global Growth and Value Fund – USD					
Franklin Templeton Global Growth and Value – A (Acc)	1.90%	3,648,093.049	17.44	13.71	19.06
Franklin Templeton Global Growth and Value – B (Acc)	3.21%	80,925.864	15.87	12.56	17.69
Franklin Templeton Global Growth and Value – C (Acc)	2.49%	175,864.634	16.53	13.04	18.22
Franklin Templeton Global Growth and Value – I (Acc)	0.99%	689,742.591	18.45	14.44	19.86
Franklin Templeton Global Growth and Value – I (Acc) – EUR	0.99%	238.773	12.88	10.29	12.62
Franklin Templeton Global Growth and Value – N (Acc)	2.65%	310,063.021	16.47	13.00	18.20

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2009 (see Note 17)	Shares Outstanding December 31, 2009	Net Asset Value per Share		
			December 31, 2009	June 30, 2009	June 30, 2008
Franklin Templeton Japan Fund – JPY					
Franklin Templeton Japan – A (Acc)	1.94%	10,150,463.736	495.78	498.62	834.46
Franklin Templeton Japan – A (Acc) – EUR	1.95%	775,001.413	3.72	3.69	4.99
Franklin Templeton Japan – A (Acc) – SGD	1.94%	394,458.655	5.12	5.12	7.30
Franklin Templeton Japan – A (Acc) – USD	1.94%	3,322,069.161	5.34	5.18	7.87
Franklin Templeton Japan – A (Ydis) – EUR	2.06%	1,379.920	3.71	3.68	5.01
Franklin Templeton Japan – A (Ydis) – GBP	1.74%	21,378.685	3.31	3.15	3.95
Franklin Templeton Japan – B (Acc) – USD	3.24%	238,836.550	5.14	5.02	7.73
Franklin Templeton Japan – C (Acc) – USD	2.53%	190,824.461	6.10	5.94	9.07
Franklin Templeton Japan – I (Acc) – EUR	0.99%	133,454.904	5.48	5.40	7.24
Franklin Templeton Japan – I (Acc) – USD	0.99%	1,152,153.824	6.49	6.27	9.43
Franklin Templeton Japan – N (Acc) – EUR	2.69%	2,381,068.399	3.45	3.43	4.68
Franklin Templeton Japan – N (Acc) – USD	2.69%	334,451.234	7.56	7.36	–
Templeton Asian Bond Fund – USD					
Templeton Asian Bond – A (Acc)	1.40%	17,866,074.894	15.11	13.55	12.70
Templeton Asian Bond – A (Acc) – EUR	1.40%	3,887,306.946	12.76	11.68	9.76
Templeton Asian Bond – A (Acc) – EUR hedged (H1)	1.45%	820,000.518	10.86	9.76	9.25
Templeton Asian Bond – A (Mdis)	1.40%	14,206,414.032	12.80	11.76	11.58
Templeton Asian Bond – A (Mdis) – EUR	1.40%	774,732.758	8.96	8.40	7.37
Templeton Asian Bond – A (Mdis) – SGD	1.39%	98,441.460	10.11	9.57	8.89
Templeton Asian Bond – B (Mdis)	2.85%	2,895,934.248	12.77	11.74	11.56
Templeton Asian Bond – C (Mdis)	2.20%	3,939,012.462	12.77	11.74	11.56
Templeton Asian Bond – I (Acc)	0.85%	902,822.567	15.47	13.83	12.89
Templeton Asian Bond – I (Acc) – EUR	0.85%	182,690.969	10.79	9.86	8.19
Templeton Asian Bond – I (Acc) – EUR hedged (H1)	0.90%	1,526,690.411	9.85	8.82	8.34
Templeton Asian Bond – I (Mdis) – EUR	0.85%	118,460.010	9.31	8.73	7.61
Templeton Asian Bond – N (Acc)	2.10%	1,236,423.005	14.67	13.21	12.47
Templeton Asian Bond – N (Acc) – EUR	2.10%	477,019.485	12.39	11.39	9.58
Templeton Asian Bond – N (Mdis)	2.10%	928,785.591	12.78	11.75	11.57
Templeton Asian Growth Fund – USD					
Templeton Asian Growth – A (Acc)	2.27%	94,040,328.942	27.42	20.31	24.28
Templeton Asian Growth – A (Acc) – EUR	2.27%	17,709,275.239	19.12	14.45	15.39
Templeton Asian Growth – A (Acc) – EUR hedged (H1)	2.28%	3,340,365.409	19.16	14.26	17.64
Templeton Asian Growth – A (Acc) – SGD	2.27%	19,436,306.887	7.32	5.59	6.27
Templeton Asian Growth – A (Ydis)	2.27%	74,710,899.819	25.54	19.16	23.09
Templeton Asian Growth – A (Ydis) – EUR	2.27%	3,129,411.290	17.88	13.69	14.69
Templeton Asian Growth – A (Ydis) – GBP	2.27%	783,191.487	15.82	11.66	11.60
Templeton Asian Growth – B (Acc)	3.50%	5,569,308.062	12.46	9.28	11.23
Templeton Asian Growth – C (Acc)	2.85%	5,327,677.912	24.04	17.86	21.48
Templeton Asian Growth – I (Acc)	1.20%	75,467,181.920	26.49	19.52	23.08
Templeton Asian Growth – I (Acc) – EUR	1.20%	10,205,961.233	18.50	13.91	14.65
Templeton Asian Growth – I (Acc) – EUR hedged (H1)	1.25%	983,549.261	16.13	11.96	14.93
Templeton Asian Growth – I (Ydis) – EUR – hedged (H2)	1.27%	2,624,241.611	10.92	–	–
Templeton Asian Growth – N (Acc)	2.77%	8,364,863.467	38.50	28.59	34.35
Templeton Asian Growth – N (Acc) – EUR	2.78%	1,849,622.713	26.90	20.39	21.82
Templeton Asian Growth – N (Acc) – EUR hedged (H1)	2.77%	906,011.223	26.90	20.09	25.02
Templeton Asian Growth – N (Acc) – PLN hedged (H1)	2.80%	279,040.000	10.44	–	–
Templeton Asian Smaller Companies Fund – USD					
Templeton Asian Smaller Companies – A (Acc)	2.30%	299,656.614	20.76	15.36	–
Templeton Asian Smaller Companies – A (Acc) – EUR	2.29%	109,495.371	19.79	14.94	–
Templeton Asian Smaller Companies – A (Acc) – SGD	2.28%	50,369.451	19.95	15.21	–
Templeton Asian Smaller Companies – A (Ydis)	2.29%	18,832.892	20.69	15.36	–
Templeton Asian Smaller Companies – A (Ydis) – GBP	2.25%	5,768.798	22.32	16.26	–
Templeton Asian Smaller Companies – B (Acc)	3.59%	1,659.631	21.20	15.79	–
Templeton Asian Smaller Companies – B (Acc) – EUR	3.59%	784.222	18.89	14.35	–
Templeton Asian Smaller Companies – I (Acc)	1.23%	308,165.369	21.04	15.48	–
Templeton Asian Smaller Companies – I (Acc) – EUR	1.22%	109,942.470	20.05	15.06	–
Templeton Asian Smaller Companies – I (Ydis) – GBP	1.22%	86,090.625	22.49	16.39	–

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2009 (see Note 17)	Shares Outstanding December 31, 2009	Net Asset Value per Share		
			December 31, 2009	June 30, 2009	June 30, 2008
Templeton BRIC Fund – USD					
Templeton BRIC – A (Acc)	2.50%	99,262,864.016	17.91	13.59	20.91
Templeton BRIC – A (Acc) – EUR	2.50%	12,359,324.642	15.13	11.72	16.06
Templeton BRIC – A (Acc) – EUR hedged (H1)	2.53%	2,487,945.567	12.25	9.37	15.05
Templeton BRIC – A (Acc) – SGD	2.50%	614,384.693	6.92	5.41	7.82
Templeton BRIC – A (Ydis) – EUR	2.50%	192,753.678	21.98	17.14	23.49
Templeton BRIC – A (Ydis) – GBP	2.50%	373,703.058	19.51	14.63	18.59
Templeton BRIC – B (Acc)	3.75%	10,321,796.807	17.00	12.98	20.23
Templeton BRIC – C (Acc)	3.10%	6,388,793.395	17.47	13.30	20.58
Templeton BRIC – I (Acc)	1.40%	8,144,918.568	18.74	14.14	21.52
Templeton BRIC – I (Acc) – EUR	1.40%	203,046.777	13.10	10.09	13.67
Templeton BRIC – I (Acc) – EUR hedged (H1)	1.40%	93,418.925	11.35	8.74	13.91
Templeton BRIC – I (Ydis) – EUR	1.40%	322.581	12.77	10.01	13.67
Templeton BRIC – N (Acc)	3.00%	6,060,820.875	17.54	13.34	20.63
Templeton BRIC – N (Acc) – EUR	3.00%	7,109,075.844	14.82	11.51	15.85
Templeton BRIC – N (Acc) – PLN hedged (H1)	3.00%	279,040.000	10.21	–	–
Templeton China Fund – USD					
Templeton China – A (Acc)	2.50%	35,362,711.209	22.32	18.29	20.31
Templeton China – A (Acc) – SGD	2.49%	1,963,590.369	7.72	6.53	6.80
Templeton China – A (Ydis) – EUR	2.51%	818,228.763	15.20	12.89	12.80
Templeton China – A (Ydis) – GBP	2.50%	169,754.767	13.43	10.95	10.09
Templeton China – C (Acc)	3.08%	1,602,065.507	16.30	13.40	14.95
Templeton China – I (Acc)	1.40%	2,404,260.689	25.38	20.68	22.68
Templeton China – N (Acc)	3.00%	2,834,137.713	22.54	18.52	20.65
Templeton Eastern Europe Fund – EUR					
Templeton Eastern Europe – A (Acc)	2.57%	19,189,506.090	25.21	18.57	27.55
Templeton Eastern Europe – A (Acc) – SGD	2.61%	7,153.039	6.29	4.68	7.33
Templeton Eastern Europe – A (Acc) – USD	2.59%	4,822,965.408	36.08	26.04	43.38
Templeton Eastern Europe – A (Ydis)	2.57%	81,867.547	24.94	18.37	27.25
Templeton Eastern Europe – A (Ydis) – GBP	2.58%	25,766.576	22.04	15.62	21.48
Templeton Eastern Europe – B (Acc) – USD	3.92%	4,450,750.336	8.68	6.31	10.65
Templeton Eastern Europe – B (Ydis)	3.75%	500,966.811	6.05	4.49	6.72
Templeton Eastern Europe – C (Acc)	3.14%	5,150.987	10.19	7.53	11.25
Templeton Eastern Europe – C (Acc) – USD	3.16%	607,685.416	12.06	8.73	14.63
Templeton Eastern Europe – I (Acc)	1.40%	1,657,123.198	17.18	12.58	18.41
Templeton Eastern Europe – N (Acc)	3.07%	1,613,814.821	23.89	17.64	26.31
Templeton Emerging Markets Fund – USD					
Templeton Emerging Markets – A (Acc)	2.55%	12,788,206.220	34.34	25.60	35.50
Templeton Emerging Markets – A (Acc) – SGD	2.54%	3,649,907.424	7.51	5.77	7.51
Templeton Emerging Markets – A (Ydis)	2.55%	13,102,141.622	33.11	24.94	34.59
Templeton Emerging Markets – B (Acc)	3.86%	4,335,156.424	17.46	13.10	18.41
Templeton Emerging Markets – C (Acc)	3.13%	1,290,114.578	29.96	22.40	31.24
Templeton Emerging Markets – I (Acc)	1.40%	11,137,584.463	21.36	15.83	21.69
Templeton Emerging Markets – N (Acc)	3.05%	2,468,598.275	18.90	14.12	19.69
Templeton Emerging Markets – N (Acc) – EUR	3.05%	2,175,477.873	13.22	10.08	12.51
Templeton Emerging Markets Bond Fund – USD					
Templeton Emerging Markets Bond – A (Mdis)	2.05%	1,420,972.254	10.88	–	–
Templeton Emerging Markets Bond – A (Qdis)	1.93%	57,352,619.458	18.87	16.43	17.31
Templeton Emerging Markets Bond – A (Qdis) – EUR	1.93%	4,387,540.827	13.19	11.71	11.00
Templeton Emerging Markets Bond – B (Mdis)	3.53%	842,037.451	10.86	–	–
Templeton Emerging Markets Bond – B (Qdis)	3.24%	23,572,761.828	17.05	14.85	15.65
Templeton Emerging Markets Bond – C (Acc)	2.51%	2,179,104.128	21.57	18.29	18.23
Templeton Emerging Markets Bond – I (Acc)	1.00%	30,624,500.386	18.16	15.29	14.99
Templeton Emerging Markets Bond – I (Qdis)	1.00%	2,927,980.659	14.79	12.86	13.56
Templeton Emerging Markets Bond – N (Acc)	2.43%	2,733,401.398	26.02	22.05	21.96
Templeton Emerging Markets Smaller Companies Fund – USD					
Templeton Emerging Markets Smaller Companies – A (Acc)	2.50%	23,980,439.547	7.04	5.38	7.59
Templeton Emerging Markets Smaller Companies – A (Acc) – EUR	2.50%	2,625,902.372	7.03	5.48	6.89
Templeton Emerging Markets Smaller Companies – A (Ydis)	2.50%	507,863.394	6.93	5.37	7.59
Templeton Emerging Markets Smaller Companies – A (Ydis) – GBP	2.50%	350,167.491	8.76	6.67	7.79
Templeton Emerging Markets Smaller Companies – C (Acc)	3.10%	171,484.055	7.73	5.92	8.41
Templeton Emerging Markets Smaller Companies – I (Acc)	1.40%	945,296.748	7.21	5.48	7.65
Templeton Emerging Markets Smaller Companies – I (Acc) – EUR	1.40%	112,321.367	7.20	5.58	6.94
Templeton Emerging Markets Smaller Companies – N (Acc)	3.00%	277,905.943	6.97	5.33	7.57

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2009 (see Note 17)	Shares Outstanding December 31, 2009	Net Asset Value per Share		
			December 31, 2009	June 30, 2009	June 30, 2008
Templeton Euro Government Bond Fund – EUR*					
Templeton Euro Government Bond – A (Ydis)	1.31%	1,061,187.584	9.70	9.67	9.49
Templeton Euro Government Bond – I (Acc)	0.72%	188,094.431	11.81	11.39	10.77
Templeton Euro Government Bond – N (Acc)	2.02%	560,406.104	11.06	10.73	10.28
Templeton Euro Liquid Reserve Fund – EUR					
Templeton Euro Liquid Reserve – A (Acc)	0.66%	7,173,482.129	5.55	5.48	5.46
Templeton Euro Liquid Reserve – A (Ydis)	0.66%	4,599,466.909	4.42	4.51	4.67
Templeton Euro Liquid Reserve – I (Acc)	0.39%	170,800.416	10.19	10.07	10.00
Templeton Euro Liquid Reserve – N (Acc)	1.56%	4,631,278.747	10.77	10.70	10.75
Templeton Euro Money Market Fund – EUR**					
Templeton Euro Money Market – A (Acc)	0.00%	21,423.000	1,000.59	–	–
Templeton Euro Money Market – I (Acc)	0.00%	1,990.000	1,000.59	–	–
Templeton Euroland Fund – EUR					
Templeton Euroland – A (Acc)	1.91%	8,947,853.095	12.34	10.17	14.37
Templeton Euroland – A (Ydis)	1.91%	44,280.504	11.69	9.87	14.20
Templeton Euroland – B (Acc) – USD	3.01%	6,297.791	7.64	6.20	10.03
Templeton Euroland – B (Ydis)	3.25%	42,750.587	5.23	4.37	6.31
Templeton Euroland – C (Acc)	2.49%	12,975.237	8.16	6.75	9.59
Templeton Euroland – C (Acc) – USD	2.50%	2,665.372	11.69	9.47	15.11
Templeton Euroland – I (Acc)	0.99%	2,977,772.640	10.85	8.91	12.46
Templeton Euroland – I (Ydis)	0.99%	70,000.000	10.01	8.51	12.27
Templeton Euroland – N (Acc)	2.66%	1,127,861.536	7.60	6.29	8.96
Templeton European Fund – EUR					
Templeton European – A (Acc)	1.89%	2,962,435.962	13.15	10.90	14.59
Templeton European – A (Acc) – SGD	1.89%	212,023.998	6.37	5.33	7.52
Templeton European – A (Acc) – USD	1.89%	1,800,921.079	18.80	15.27	22.95
Templeton European – A (Ydis)	1.89%	33,183.390	11.80	10.00	13.68
Templeton European – A (Ydis) – USD	1.89%	4,777,783.186	17.02	14.12	21.67
Templeton European – C (Acc)	2.48%	1,750.000	8.25	6.86	9.23
Templeton European – C (Acc) – USD	2.47%	37,591.053	11.80	9.62	14.53
Templeton European – I (Acc)	0.99%	4,299,284.753	10.87	8.97	11.87
Templeton European – N (Acc)	2.64%	271,596.944	12.46	10.37	13.98
Templeton European – N (Acc) – USD	2.64%	147,813.041	17.87	14.57	22.06
Templeton European Total Return Fund – EUR					
Templeton European Total Return – A (Acc)	1.10%	2,404,313.437	10.64	9.84	10.91
Templeton European Total Return – A (Mdis)	1.10%	1,982,080.853	8.53	8.02	9.33
Templeton European Total Return – A (Mdis) – USD	1.10%	470,477.683	12.23	11.27	14.73
Templeton European Total Return – A (Ydis)	1.10%	12,945.089	8.64	8.38	9.66
Templeton European Total Return – C (Acc)	1.90%	27,507.025	9.12	8.46	9.46
Templeton European Total Return – C (Mdis) – USD	1.90%	89,751.573	9.56	8.81	11.51
Templeton European Total Return – I (Acc)	0.83%	28,084.986	10.23	9.45	10.44
Templeton European Total Return – I (Mdis)	0.83%	22,108.601	8.91	8.38	9.75
Templeton European Total Return – I (Ydis)	0.80%	471.698	9.04	8.76	10.11
Templeton European Total Return – N (Acc)	1.80%	2,807,434.302	10.17	9.44	10.55
Templeton European Total Return – N (Mdis)	1.80%	78,447.155	9.66	9.08	10.55
Templeton Frontier Markets Fund – USD					
Templeton Frontier Markets – A (Acc)	2.65%	469,927.400	14.56	11.92	–
Templeton Frontier Markets – A (Acc) – EUR	2.63%	854,192.012	13.88	11.59	–
Templeton Frontier Markets – A (Acc) – SGD	2.64%	51,714.792	13.99	11.80	–
Templeton Frontier Markets – A (Ydis)	2.62%	9,449.017	14.50	11.92	–
Templeton Frontier Markets – A (Ydis) – GBP	2.64%	22,173.490	15.64	12.62	–
Templeton Frontier Markets – B (Acc)	3.95%	2,128.861	13.56	11.17	–
Templeton Frontier Markets – B (Acc) – EUR	3.95%	784.222	12.08	10.15	–
Templeton Frontier Markets – C (Acc)	3.25%	7,161.762	13.68	11.22	–
Templeton Frontier Markets – I (Acc)	1.55%	244,078.444	14.76	12.01	–
Templeton Frontier Markets – I (Acc) – EUR	1.54%	36,647.490	14.07	11.68	–
Templeton Frontier Markets – I (Ydis) – GBP	1.54%	28,696.875	15.75	12.72	–
Templeton Frontier Markets – N (Acc) – EUR	3.14%	50,510.764	13.80	11.55	–
Templeton Frontier Markets – N (Acc) – EUR hedged (H1)	3.11%	615,392.891	13.99	11.54	–

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2009 (see Note 17)	Shares Outstanding December 31, 2009	Net Asset Value per Share		
			December 31, 2009	June 30, 2009	June 30, 2008
Templeton Global Fund – USD					
Templeton Global – A (Acc)	1.88%	8,625,365.732	25.75	20.68	30.03
Templeton Global – A (Acc) – SGD	1.89%	4,745,343.110	6.80	5.63	7.68
Templeton Global – A (Ydis)	1.89%	24,221,295.739	23.92	19.39	28.57
Templeton Global – B (Acc)	3.19%	3,252,285.758	16.48	13.33	19.61
Templeton Global – C (Acc)	2.46%	1,304,986.947	15.19	12.24	17.87
Templeton Global – I (Acc)	0.98%	20,033,370.139	14.10	11.27	16.21
Templeton Global – N (Acc)	2.63%	2,202,134.829	17.36	14.00	20.47
Templeton Global (Euro) Fund – EUR					
Templeton Global (Euro) – A (Acc)	1.90%	3,285,338.164	11.41	9.66	12.30
Templeton Global (Euro) – A (Ydis)	1.90%	45,796,049.806	10.69	9.13	11.82
Templeton Global (Euro) – B (Acc) – USD	3.27%	749.252	7.96	6.65	9.64
Templeton Global (Euro) – I (Acc)	0.97%	1,695,686.295	10.56	8.90	11.22
Templeton Global (Euro) – I (Acc) – hedged (H2)	0.98%	1,812,608.635	11.16	9.30	12.06
Templeton Global (Euro) – N (Acc)	2.65%	330,933.346	9.83	8.35	10.71
Templeton Global Balanced Fund – USD					
Templeton Global Balanced – A (Acc)	1.74%	5,675,753.195	20.46	17.26	21.55
Templeton Global Balanced – A (Acc) – EUR	1.74%	776,165.821	14.29	12.31	13.69
Templeton Global Balanced – A (Acc) – EUR hedged (H1)	1.70%	90,190.571	14.39	12.20	15.61
Templeton Global Balanced – A (Acc) – SGD	1.74%	29,759,852.779	8.17	7.11	8.33
Templeton Global Balanced – A (Qdis)	1.74%	15,911,613.081	17.94	15.31	19.48
Templeton Global Balanced – B (Acc)	3.05%	7,633,280.104	13.95	11.85	14.98
Templeton Global Balanced – C (Qdis)	2.32%	3,706,277.022	10.56	9.01	11.45
Templeton Global Balanced – I (Acc)	0.90%	8,167.337	10.84	9.11	11.27
Templeton Global Balanced – I (Acc) – EUR hedged (H1)	0.89%	149,896.621	6.82	5.76	7.29
Templeton Global Balanced – N (Acc) – EUR	2.24%	1,033,939.719	10.39	8.97	10.02
Templeton Global Balanced – N (Acc) – EUR hedged (H1)	2.20%	184,472.213	7.71	6.55	8.39
Templeton Global Bond Fund – USD					
Templeton Global Bond – A (Acc)	1.44%	85,447,672.202	22.53	20.44	17.88
Templeton Global Bond – A (Acc) – EUR	1.43%	30,293,871.100	15.74	14.57	11.35
Templeton Global Bond – A (Acc) – EUR hedged (H1)	1.42%	34,615,434.502	16.50	15.02	13.04
Templeton Global Bond – A (Acc) – CHF hedged (H1)	1.45%	4,953,878.667	10.44	–	–
Templeton Global Bond – A (Mdis)	1.43%	275,277,588.819	18.50	17.27	15.68
Templeton Global Bond – A (Mdis) – EUR	1.43%	24,342,485.196	12.93	12.33	9.97
Templeton Global Bond – A (Mdis) – EUR hedged (H1)	1.45%	11,153,118.841	12.09	11.27	10.13
Templeton Global Bond – A (Mdis) – GBP	1.43%	4,588,584.217	11.48	10.51	7.88
Templeton Global Bond – A (Mdis) – GBP hedged (H1)	1.39%	10,284,180.729	9.47	8.82	7.85
Templeton Global Bond – A (Mdis) – SGD	1.35%	11,463,002.866	11.29	10.82	9.23
Templeton Global Bond – A (Mdis) – SGD hedged (H1)	1.43%	4,667,641.632	11.66	10.86	9.97
Templeton Global Bond – A (Ydis) – EUR	1.35%	1,339,054.079	13.26	12.75	10.30
Templeton Global Bond – AX (Acc)	1.63%	33,477,994.136	17.20	15.62	13.69
Templeton Global Bond – B (Mdis)	2.94%	51,379,391.076	19.30	18.08	16.42
Templeton Global Bond – C (Mdis)	2.22%	76,145,720.996	14.20	13.25	12.03
Templeton Global Bond – I (Acc)	0.85%	32,659,363.757	18.13	16.40	14.27
Templeton Global Bond – I (Acc) – EUR	0.85%	20,351,973.874	12.58	11.62	9.00
Templeton Global Bond – I (Acc) – EUR hedged (H1)	0.87%	9,206,713.158	13.34	12.10	10.29
Templeton Global Bond – I (Mdis) – EUR	0.85%	2,280,861.488	10.81	10.33	8.35
Templeton Global Bond – I (Mdis) – GBP	0.85%	1,076,069.197	10.74	–	–
Templeton Global Bond – I (Mdis) – GBP hedged (H1)	0.87%	10,277,258.871	10.43	–	–
Templeton Global Bond – I (Ydis) – EUR	0.85%	1,396,642.734	11.11	10.75	8.68
Templeton Global Bond – N (Acc)	2.14%	30,963,136.206	22.83	20.79	18.31
Templeton Global Bond – N (Acc) – EUR	2.14%	2,164,458.104	15.95	14.82	11.63
Templeton Global Bond – N (Acc) – EUR hedged (H1)	2.11%	36,559,334.466	16.73	15.29	13.38
Templeton Global Bond – N (Acc) – PLN hedged (H1)	2.15%	279,040.000	10.07	–	–
Templeton Global Bond – N (Mdis) – EUR hedged (H1)	2.15%	13,633,330.489	14.17	13.20	11.84
Templeton Global Bond (Euro) Fund – EUR					
Templeton Global Bond (Euro) – A (Acc)	1.35%	7,484,076.195	12.41	11.64	10.65
Templeton Global Bond (Euro) – A (Ydis)	1.35%	2,614,318.591	9.77	9.69	9.37
Templeton Global Bond (Euro) – B (Acc) – USD	2.94%	38,522.028	12.10	11.21	11.70
Templeton Global Bond (Euro) – I (Acc)	0.85%	352,258.802	12.30	11.51	10.48
Templeton Global Bond (Euro) – N (Acc)	2.05%	5,524,645.036	11.87	11.18	10.30

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2009 (see Note 17)	Shares Outstanding December 31, 2009	Net Asset Value per Share		
			December 31, 2009	June 30, 2009	June 30, 2008
Templeton Global Equity Income Fund – USD					
Templeton Global Equity Income – A (Acc)	1.50%	2,727,146.319	10.47	8.36	11.46
Templeton Global Equity Income – A (Acc) – EUR	1.50%	88,365.211	9.20	7.50	9.15
Templeton Global Equity Income – A (Qdis)	1.50%	6,806,430.462	9.29	7.56	10.72
Templeton Global Equity Income – A (Qdis) – SGD	1.50%	4,301,954.424	6.37	5.34	7.11
Templeton Global Equity Income – B (Qdis)	2.75%	989,919.498	9.25	7.52	10.66
Templeton Global Equity Income – C (Qdis)	2.10%	76,185.490	9.25	7.53	10.67
Templeton Global Equity Income – I (Acc)	1.00%	815.000	10.71	8.54	11.64
Templeton Global Equity Income – I (Qdis) – JPY	1.00%	6,797.672	923.31	779.81	1,218.88
Templeton Global Equity Income – N (Acc)	2.25%	102,139.330	10.11	8.11	11.19
Templeton Global High Yield Fund – USD					
Templeton Global High Yield – A (Acc)	1.66%	361,174.569	10.80	9.43	9.91
Templeton Global High Yield – A (Acc) – EUR	1.66%	321,563.206	7.54	6.73	6.29
Templeton Global High Yield – A (Mdis)	1.66%	206,894.285	9.40	8.47	9.53
Templeton Global High Yield – A (Mdis) – EUR	1.66%	273,538.659	6.57	6.04	6.05
Templeton Global High Yield – A (Mdis) – GBP	1.66%	105,772.570	5.82	5.15	4.79
Templeton Global High Yield – I (Acc)	0.85%	377,389.615	10.99	9.57	9.97
Templeton Global High Yield – I (Acc) – EUR	0.85%	100,899.397	7.68	6.82	6.33
Templeton Global High Yield – N (Acc) – EUR	2.17%	252,553.825	7.44	6.66	6.27
Templeton Global Income Fund – USD					
Templeton Global Income – A (Acc)	1.50%	3,229,131.089	13.46	11.59	12.46
Templeton Global Income – A (Acc) – EUR	1.50%	417,821.595	11.83	10.39	9.96
Templeton Global Income – A (Qdis)	1.50%	3,585,452.082	11.38	10.05	11.40
Templeton Global Income – B (Qdis)	2.75%	1,242,139.529	11.33	10.01	11.34
Templeton Global Income – C (Qdis)	2.10%	1,326,943.718	11.34	10.02	11.36
Templeton Global Income – I (Acc)	0.90%	569,651.503	13.82	11.86	12.68
Templeton Global Income – N (Acc)	2.00%	786,045.798	13.14	11.33	12.25
Templeton Global Smaller Companies Fund – USD					
Templeton Global Smaller Companies – A (Acc)	1.91%	2,640,975.440	28.03	21.82	31.71
Templeton Global Smaller Companies – A (Acc) – SGD	1.90%	946,899.197	6.46	5.18	7.07
Templeton Global Smaller Companies – A (Ydis)	1.90%	4,064,888.827	26.74	21.04	30.83
Templeton Global Smaller Companies – B (Acc)	3.25%	724,571.441	7.94	6.22	9.15
Templeton Global Smaller Companies – C (Acc) – EUR	2.49%	455.529	7.84	6.25	8.14
Templeton Global Smaller Companies – C (Ydis)	2.49%	62,098.818	11.29	8.86	12.95
Templeton Global Smaller Companies – I (Acc)	0.99%	1,374,610.411	12.15	9.42	13.54
Templeton Global Smaller Companies – N (Acc)	2.66%	508,568.022	19.41	15.17	22.21
Templeton Global Total Return Fund – USD					
Templeton Global Total Return – A (Acc)	1.35%	53,235,686.962	20.74	17.82	15.99
Templeton Global Total Return – A (Acc) – EUR	1.35%	3,881,383.854	14.48	12.70	10.15
Templeton Global Total Return – A (Acc) – EUR hedged (H1)	1.40%	13,421,806.644	15.02	12.97	11.72
Templeton Global Total Return – A (Acc) – PLN hedged (H1)	1.35%	2,179,523.459	54.01	46.65	41.07
Templeton Global Total Return – A (Acc) – CHF hedged (H1)	1.45%	261,472.741	10.71	–	–
Templeton Global Total Return – A (Mdis)	1.35%	62,362,039.271	15.33	13.71	13.02
Templeton Global Total Return – A (Mdis) – EUR	1.35%	4,682,969.152	10.77	9.81	8.30
Templeton Global Total Return – A (Mdis) – EUR hedged (H1)	1.43%	5,421,854.545	10.03	8.94	8.42
Templeton Global Total Return – A (Mdis) – GBP	1.35%	1,840,870.224	9.54	8.36	6.56
Templeton Global Total Return – A (Mdis) – GBP hedged (H1)	1.31%	1,231,487.723	7.52	6.87	6.52
Templeton Global Total Return – A (Mdis) – SGD	1.35%	3,515,262.811	10.99	10.09	9.00
Templeton Global Total Return – A (Mdis) – SGD hedged (H1)	1.45%	898,534.574	10.31	–	–
Templeton Global Total Return – A (Ydis) – EUR	1.35%	329,950.709	11.06	10.31	8.62
Templeton Global Total Return – B (Acc)	2.80%	3,158,574.278	18.92	16.38	14.92
Templeton Global Total Return – B (Mdis)	2.80%	4,438,349.917	15.29	13.68	13.00
Templeton Global Total Return – C (Mdis)	1.90%	14,891,882.038	13.68	12.20	11.59
Templeton Global Total Return – I (Acc)	0.85%	19,582,970.114	19.07	16.34	14.59
Templeton Global Total Return – I (Acc) – EUR	0.85%	2,093,746.574	13.33	11.66	9.27
Templeton Global Total Return – I (Acc) – EUR hedged (H1)	0.85%	3,247,588.108	13.39	11.53	10.43
Templeton Global Total Return – I (Mdis) – CHF	0.85%	1,684.000	15.55	14.62	13.05
Templeton Global Total Return – I (Mdis) – EUR	0.85%	551,034.608	10.49	9.63	8.15
Templeton Global Total Return – I (Mdis) – GBP	0.85%	299.401	11.16	–	–
Templeton Global Total Return – I (Mdis) – GBP hedged (H1)	0.86%	2,364,008.831	10.80	–	–
Templeton Global Total Return – I (Ydis) – EUR	0.85%	1,527.813	11.01	10.21	8.53
Templeton Global Total Return – N (Acc)	2.05%	15,945,237.685	19.84	17.11	15.46
Templeton Global Total Return – N (Acc) – EUR	2.05%	2,140,300.176	13.85	12.18	9.81
Templeton Global Total Return – N (Acc) – EUR hedged (H1)	2.09%	13,237,579.198	14.29	12.39	11.24
Templeton Global Total Return – N (Mdis) – EUR hedged (H1)	2.13%	7,916,052.106	11.91	10.61	9.99

STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio December 31, 2009 (see Note 17)	Shares Outstanding December 31, 2009	Net Asset Value per Share		
			December 31, 2009	June 30, 2009	June 30, 2008
Templeton Growth (Euro) Fund – EUR					
Templeton Growth (Euro) – A (Acc)	1.91%	468,198,237.955	8.54	7.08	8.96
Templeton Growth (Euro) – A (Acc) – USD	1.90%	19,578,204.848	12.24	9.94	14.12
Templeton Growth (Euro) – A (Acc) – hedged (H2)	1.94%	208,760.222	10.58	–	–
Templeton Growth (Euro) – A (Ydis)	1.91%	21,989,999.111	9.04	7.57	9.67
Templeton Growth (Euro) – A (Ydis) – USD	1.91%	2,512,759.333	12.91	10.59	15.20
Templeton Growth (Euro) – B (Ydis)	3.22%	48,050.604	6.38	5.33	6.84
Templeton Growth (Euro) – C (Acc)	2.49%	3,126.263	7.15	5.95	7.57
Templeton Growth (Euro) – I (Acc)	0.98%	4,398,618.246	9.15	7.55	9.46
Templeton Growth (Euro) – I (Ydis)	0.98%	1,046,676.139	8.51	7.16	9.16
Templeton Growth (Euro) – I (Ydis) – USD	0.98%	1,105,519.159	12.23	10.08	14.48
Templeton Growth (Euro) – N (Acc)	2.65%	2,920,461.308	7.92	6.59	8.40
Templeton Korea Fund – USD					
Templeton Korea – A (Acc)	2.61%	13,670,437.115	5.38	4.25	5.91
Templeton Korea – A (Acc) – SGD	2.60%	5,066,795.344	6.50	5.29	6.91
Templeton Korea – C (Acc)	3.18%	16,517.833	9.41	7.45	10.41
Templeton Korea – I (Acc)	1.40%	551,150.809	10.00	7.83	10.75
Templeton Korea – N (Acc)	3.10%	261,788.874	14.81	11.71	16.37
Templeton Latin America Fund – USD					
Templeton Latin America – A (Acc)	2.32%	5,391,938.362	83.58	59.40	89.98
Templeton Latin America – A (Acc) – SGD	2.31%	3,115,279.754	9.58	7.02	9.99
Templeton Latin America – A (Ydis)	2.31%	21,002,235.173	78.02	55.88	84.82
Templeton Latin America – A (Ydis) – EUR	2.32%	580,094.666	54.51	39.85	53.88
Templeton Latin America – A (Ydis) – GBP	2.32%	72,818.137	48.57	34.16	42.81
Templeton Latin America – B (Acc)	3.64%	6,714,042.244	16.40	11.73	18.00
Templeton Latin America – C (Acc)	2.90%	1,410,797.147	16.77	11.95	18.21
Templeton Latin America – I (Acc)	1.30%	35,463,287.269	25.16	17.79	26.66
Templeton Latin America – I (Ydis) EUR – hedged (H2)	1.36%	1,597,696.834	11.15	–	–
Templeton Latin America – N (Acc)	2.82%	3,007,817.422	44.42	31.64	48.17
Templeton Latin America – N (acc) PLN hedged (H1)	2.86%	279,040.000	10.31	–	–
Templeton Thailand Fund – USD					
Templeton Thailand – A (Acc)	2.56%	11,366,258.292	10.72	8.45	11.03
Templeton Thailand – A (Acc) – SGD	2.56%	1,548,998.205	8.47	6.88	8.44
Templeton Thailand – B (Acc)	3.90%	567,673.468	11.10	8.81	11.65
Templeton Thailand – I (Acc)	1.40%	467,910.508	9.64	7.55	9.74
Templeton Thailand – N (Acc)	3.06%	280,015.122	13.76	10.88	14.27
Templeton U.S. Dollar Liquid Reserve Fund – USD					
Templeton U.S. Dollar Liquid Reserve – A (Acc)	0.61%	8,466,589.383	11.68	11.68	11.63
Templeton U.S. Dollar Liquid Reserve – A (Mdis)	0.61%	5,982,463.861	9.77	9.77	9.78
Templeton U.S. Dollar Liquid Reserve – B (Mdis)	1.66%	2,408,217.858	9.72	9.78	9.86
Templeton U.S. Dollar Liquid Reserve – C (Acc)	1.58%	822,434.647	10.66	10.72	10.77
Templeton U.S. Dollar Liquid Reserve – I (Acc)	0.36%	500.000	10.09	10.08	10.01
Templeton U.S. Dollar Liquid Reserve – N (Acc)	1.52%	4,890,793.088	11.18	11.24	11.28
Templeton U.S. Value Fund – USD					
Templeton U.S. Value – A (Acc)	1.90%	895,894.802	10.40	8.44	11.61
Templeton U.S. Value – A (Acc) – EUR	1.89%	19,246.408	7.27	6.02	7.38
Templeton U.S. Value – A (Acc) – EUR hedged (H1)	1.87%	72,858.078	7.26	5.92	8.49
Templeton U.S. Value – A (Ydis) – EUR	1.90%	456.514	7.19	5.95	7.29
Templeton U.S. Value – A (Ydis) – GBP	1.88%	1,650.035	6.37	5.07	5.77
Templeton U.S. Value – B (Acc)	3.19%	200,627.117	9.59	7.83	10.92
Templeton U.S. Value – C (Acc)	2.47%	111,276.429	9.99	8.13	11.25
Templeton U.S. Value – I (Acc)	0.97%	702,585.605	10.27	8.29	11.30
Templeton U.S. Value – I (Acc) – EUR	0.61%	407.830	7.69	6.32	7.66
Templeton U.S. Value – I (Acc) – EUR hedged (H1)	0.96%	81,477.932	6.31	5.12	7.32
Templeton U.S. Value – I (Ydis) – GBP	0.97%	609.756	6.63	5.28	5.97
Templeton U.S. Value – N (Acc)	2.63%	104,002.966	9.92	8.08	11.19

*This fund had its name changed effective on November 30, 2009 (previously Templeton Euroland Bond Fund)

** This fund was launched during the current period.

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2009

	TOTAL	Franklin Asian Flex Cap Fund	Franklin Biotechnology Discovery Fund	Franklin Euroland Core Fund	Franklin European Growth Fund
	(USD)	(USD)	(USD)	(EUR)	(EUR)
NET ASSETS AT THE BEGINNING OF THE PERIOD	47,048,939,530	29,819,379	70,628,479	17,234,474	31,894,597
Currency translation adjustment	236,051,433	–	–	–	–
	<u>47,284,990,963</u>	<u>29,819,379</u>	<u>70,628,479</u>	<u>17,234,474</u>	<u>31,894,597</u>
INCOME					
Dividends (net of withholding taxes)	294,720,525	307,714	217,235	118,071	1,195,311
Interest on bonds (net of withholding taxes)	781,060,827	–	2,054	–	–
Bank interest	1,582,896	1,033	95	261	3,979
Securities lending	19,004	–	–	–	–
Interest on swaps	46,999,170	–	–	–	–
Sundry income	1,170,201	–	84,313	–	28
TOTAL INCOME	<u>1,125,552,623</u>	<u>308,747</u>	<u>303,697</u>	<u>118,332</u>	<u>1,199,318</u>
EXPENSES					
Investment management fees (note 3)	282,482,124	160,155	357,822	78,455	357,484
Administration and transfer agency fees	69,797,491	63,491	170,387	20,775	91,337
Subscription tax (note 10)	13,746,751	8,045	17,094	2,076	17,396
Custodian fees	13,569,953	11,865	2,553	2,895	10,228
Audit, printing and publishing expenses	4,290,630	2,601	5,841	1,552	4,453
Bank charges	112,415	464	–	–	–
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	86,304,138	37,073	149,266	10,336	112,457
Class AX(acc) shares' maintenance charges (note 13)	2,034,398	–	–	–	–
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	26,704,617	105,357	34,662	–	–
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	10,071,083	3,002	1,431	–	–
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	23,714,624	6,945	19,639	3,390	80,111
Interest expenses on swaps	16,744	–	–	–	–
Other charges	8,656,429	5,615	12,965	3,306	9,775
TOTAL EXPENSES	<u>541,501,397</u>	<u>404,613</u>	<u>771,660</u>	<u>122,785</u>	<u>683,241</u>
Expenses reimbursement (note 16)	(3,324,457)	(15,950)	(98)	(2,782)	–
NET EXPENSES	<u>538,176,940</u>	<u>388,663</u>	<u>771,562</u>	<u>120,003</u>	<u>683,241</u>
NET PROFIT/(LOSS) FROM INVESTMENTS	587,375,683	(79,916)	(467,865)	(1,671)	516,077
Net realised profit/(loss) on sale of investments	(431,363,512)	3,656,368	(424,643)	417,960	1,175,704
Net realised profit/(loss) on forward foreign exchange contracts	(237,366,023)	–	–	–	–
Net realised profit/(loss) on financial future contracts	122,115	–	–	–	–
Net realised profit/(loss) on options contracts	(5,454,677)	–	–	–	–
Net realised profit/(loss) on credit default swaps	1,344,343	–	–	–	–
Net realised profit/(loss) on interest rate swaps	44,553,883	–	–	–	–
Net realised profit/(loss) on foreign exchange transactions	210,876,956	(2,195)	7,510	–	(4,993)
NET REALISED PROFIT/(LOSS) FOR THE PERIOD	<u>170,088,768</u>	<u>3,574,257</u>	<u>(884,998)</u>	<u>416,289</u>	<u>1,686,788</u>
Change in net unrealised appreciation/(depreciation) on:					
Investments	9,917,514,641	2,943,001	6,066,219	4,026,197	13,446,283
Forward foreign exchange contracts	(7,183,485)	–	–	–	–
Financial future contracts	(125,117)	–	–	–	–
Options contracts	4,216,093	–	–	–	–
Credit default swaps	61,468	–	–	–	–
Interest rate swaps	(71,969,253)	–	–	–	–
Foreign exchange transactions	(9,140,084)	6,303	–	–	(11,204)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	<u>10,003,463,031</u>	<u>6,523,561</u>	<u>5,181,221</u>	<u>4,442,486</u>	<u>15,121,867</u>
MOVEMENT OF CAPITAL					
Issue of shares	26,605,668,337	5,597,648	29,444,053	921,816	127,394,730
Redemption of shares	(14,674,405,085)	(10,101,366)	(41,420,042)	(126,580)	(26,344,500)
Issues of shares in course of merger	34,169,317	–	–	–	–
Redemption of shares in course of merger	(34,169,317)	–	–	–	–
Equalisation (note 12)	45,407,350	(2,704)	–	–	189,567
	<u>11,976,670,602</u>	<u>(4,506,422)</u>	<u>(11,975,989)</u>	<u>795,236</u>	<u>101,239,797</u>
Dividends paid/accumulated (note 18)	(953,580,701)	(158,548)	–	(407,568)	(256,050)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	<u>11,023,089,901</u>	<u>(4,664,970)</u>	<u>(11,975,989)</u>	<u>387,668</u>	<u>100,983,747</u>
NET ASSETS AT THE END OF THE PERIOD	<u>68,311,543,895</u>	<u>31,677,970</u>	<u>63,833,711</u>	<u>22,064,628</u>	<u>148,000,211</u>
Portfolio Turnover Ratio (note 21)		174.71%	(46.34)%	32.91%	(51.57)%

The accompanying notes form an integral

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2009 (CONTINUED)

Franklin European Small-Mid Cap Growth Fund (EUR)	Franklin Global Growth Fund (USD)	Franklin Global Real Estate (Euro) Fund (EUR)	Franklin Global Real Estate (USD) Fund (USD)	Franklin Global Small-Mid Cap Growth Fund (USD)	Franklin High Yield Fund (USD)	Franklin High Yield (Euro) Fund (EUR)
59,920,404	32,915,531	10,614,762	19,258,439	28,541,329	1,870,189,148	260,178,626
-	-	-	-	-	-	-
59,920,404	32,915,531	10,614,762	19,258,439	28,541,329	1,870,189,148	260,178,626
1,782,726	381,816	228,547	585,907	512,231	99,275	24,164
-	-	-	-	-	95,321,812	15,553,848
6,701	1,656	290	1,205	1,130	126	57,135
-	-	-	-	-	-	-
-	-	-	-	-	-	158,120
-	221	-	-	-	198,012	409,500
1,789,427	383,693	228,837	587,112	513,361	95,619,225	16,202,767
478,086	240,783	63,937	160,080	161,950	8,662,388	1,503,301
128,890	63,864	19,520	44,164	46,459	2,798,456	414,533
23,537	13,862	3,438	8,925	7,863	563,028	101,571
14,812	6,577	1,032	2,582	4,547	68,204	19,617
6,806	3,450	968	2,198	2,532	164,712	27,857
864	442	-	-	-	1,742	514
159,648	104,831	24,823	51,961	53,767	3,177,644	524,326
-	-	-	-	-	-	-
5,263	-	-	11,401	12,793	3,572,371	279
-	-	-	25,382	-	114,533	-
60,221	31,320	16,613	20,473	16,646	116,103	331,958
-	-	-	-	-	-	-
15,187	7,512	2,820	7,278	5,418	354,886	72,290
893,314	472,641	133,151	334,444	311,975	19,594,067	2,996,246
(15)	(11)	(62)	(440)	-	(60,230)	(32)
893,299	472,630	133,089	334,004	311,975	19,533,837	2,996,214
896,128	(88,937)	95,748	253,108	201,386	76,085,388	13,206,553
2,716,134	(700,029)	(1,185,114)	(460,995)	1,561,331	(13,224,391)	3,326,137
-	-	(12,503)	(584,193)	-	-	4,225,479
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	823,917
-	-	-	-	-	-	-
(9,706)	(14,085)	(3,214)	26,058	7,538	536,179	(91,225)
3,602,556	(803,051)	(1,105,083)	(766,022)	1,770,255	63,397,176	21,490,861
15,683,349	12,612,564	4,155,555	8,081,292	5,802,297	268,038,823	35,993,923
-	-	(120,041)	66,004	-	(254,428)	(3,897,890)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(25,118)	841	13,946	564	(9,669)	-	48,649
19,260,787	11,810,354	2,944,377	7,381,838	7,562,883	331,181,571	53,635,543
99,457,270	18,354,007	5,489,858	23,928,477	13,019,244	975,973,970	347,898,905
(28,848,243)	(8,231,844)	(4,002,445)	(4,784,052)	(7,195,952)	(645,711,415)	(222,470,631)
-	-	-	-	-	-	-
94,622	(5,911)	2,569	35,101	12,219	1,519,984	556,254
70,703,649	10,116,252	1,489,982	19,179,526	5,835,511	331,782,539	125,984,528
(509,219)	(43,864)	(392,610)	(308,277)	(123,856)	(74,322,762)	(24,127,938)
70,194,430	10,072,388	1,097,372	18,871,249	5,711,655	257,459,777	101,856,590
149,375,621	54,798,273	14,656,511	45,511,526	41,815,867	2,458,830,496	415,670,759
(14.77)%	11.10%	149.76%	115.02%	9.93%	15.59%	20.16%

part of these financial statements

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2009 (CONTINUED)

	Franklin Income Fund	Franklin India Fund	Franklin MENA Fund	Franklin Natural Resources Fund	Franklin Strategic Income Fund
	(USD)	(USD)	(USD)	(USD)	(USD)
NET ASSETS AT THE BEGINNING OF THE PERIOD	397,970,744	610,549,176	17,944,197	37,802,931	90,479,128
Currency translation adjustment	-	-	-	-	-
	397,970,744	610,549,176	17,944,197	37,802,931	90,479,128
INCOME					
Dividends (net of withholding taxes)	2,273,499	5,108,265	70,595	265,246	165,479
Interest on bonds (net of withholding taxes)	13,399,248	-	-	952	3,010,354
Bank interest	653	16,944	590	-	-
Securities lending	-	-	-	-	-
Interest on swaps	-	-	-	-	75,179
Sundry income	60,115	-	2,898	-	2,588
TOTAL INCOME	15,733,515	5,125,209	74,083	266,198	3,253,600
EXPENSES					
Investment management fees (note 3)	1,884,683	3,763,860	172,077	255,827	358,282
Administration and transfer agency fees	595,432	957,807	43,935	84,740	135,853
Subscription tax (note 10)	115,825	194,388	6,163	10,855	26,300
Custodian fees	14,227	411,842	31,509	2,064	9,131
Audit, printing and publishing expenses	33,735	57,859	1,722	3,831	8,060
Bank charges	287	-	44	-	-
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	484,547	1,294,064	43,651	86,338	150,280
Class AX(acc) shares' maintenance charges (note 13)	-	-	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	1,189,578	291,121	14,446	-	142,336
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	397,511	88,042	369	14,221	138,527
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	202,664	561,145	8,851	31,352	-
Interest expenses on swaps	-	-	-	-	-
Other charges	73,013	125,317	3,971	8,383	15,368
TOTAL EXPENSES	4,991,502	7,745,445	326,738	497,611	984,137
Expenses reimbursement (note 16)	-	(44,789)	-	-	(99,221)
NET EXPENSES	4,991,502	7,700,656	326,738	497,611	884,916
NET PROFIT/(LOSS) FROM INVESTMENTS	10,742,013	(2,575,447)	(252,655)	(231,413)	2,368,684
Net realised profit/(loss) on sale of investments	7,765,585	39,588,589	(567,602)	837,437	1,268,583
Net realised profit/(loss) on forward foreign exchange contracts	-	-	-	-	(50,499)
Net realised profit/(loss) on financial future contracts	-	-	-	-	-
Net realised profit/(loss) on options contracts	-	-	-	-	-
Net realised profit/(loss) on credit default swaps	-	-	-	-	166,110
Net realised profit/(loss) on interest rate swaps	-	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	1,077,056	(158,346)	84,891	(22,793)	(17,183)
NET REALISED PROFIT/(LOSS) FOR THE PERIOD	19,584,654	36,854,796	(735,366)	583,231	3,735,695
Change in net unrealised appreciation/(depreciation) on:					
Investments	60,218,341	145,750,023	(101,147)	11,226,276	6,701,279
Forward foreign exchange contracts	(447,757)	(259,194)	(85,822)	-	(125,967)
Financial future contracts	-	-	-	-	-
Options contracts	-	-	-	-	-
Credit default swaps	-	-	-	-	51,764
Interest rate swaps	-	-	-	-	-
Foreign exchange transactions	1,353	30,296	(9,908)	1,693	(9,167)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	79,356,591	182,375,921	(932,243)	11,811,200	10,353,604
MOVEMENT OF CAPITAL					
Issue of shares	100,534,968	516,281,808	17,161,713	60,124,853	46,424,362
Redemption of shares	(76,216,371)	(366,644,810)	(9,309,017)	(17,934,583)	(33,848,977)
Issues of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	102,134	30,362	49	2,465	8,710
	24,420,731	149,667,360	7,852,745	42,192,735	12,584,095
Dividends paid/accumulated (note 18)	(10,328,661)	(218,339)	(62,744)	(9,265)	(2,249,492)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	14,092,070	149,449,021	7,790,001	42,183,470	10,334,603
NET ASSETS AT THE END OF THE PERIOD	491,419,405	942,374,118	24,801,955	91,797,601	111,167,335
Portfolio Turnover Ratio (note 21)	73.82%	97.25%	243.80%	8.79%	26.58%

* This amount includes taxes paid (USD 43,974) on the cash proceeds of a merger subsequently refunded to the Fund on January 15, 2010

**This Fund was merged into Franklin U.S. Equity Fund effective on July 31, 2009

The accompanying notes form an integral

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2009 (CONTINUED)

Franklin Technology Fund	Franklin U.S. Equity Fund	Franklin U.S. Focus Fund	Franklin U.S. Government Fund	Franklin U.S. Growth Fund**	Franklin U.S. Opportunities Fund	Franklin U.S. Small-Mid Cap Growth Fund
(USD)	(USD)	(USD)	(USD)	(USD)	(USD)	(USD)
89,066,631	328,454,736	3,908,033	2,393,496,020	31,537,252	452,577,568	24,424,393
-	-	-	-	-	-	-
89,066,631	328,454,736	3,908,033	2,393,496,020	31,537,252	452,577,568	24,424,393
147,339	2,641,509	43,194	-	24,140	1,084,726	44,642
1,433	-	162	58,363,629	589	2,933	1,262
-	-	-	-	-	-	15
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,474	78,353	-	-	-	205	7,803
169,246	2,719,862	43,356	58,363,629	24,729	1,087,864	53,722
624,129	1,987,651	31,416	6,582,412	24,905	2,634,039	146,190
158,745	517,024	8,482	2,607,972	6,837	646,653	49,140
31,732	87,861	1,236	388,135	1,138	118,511	7,757
4,263	13,568	292	67,772	190	20,438	952
9,022	31,183	503	185,312	507	41,967	2,192
43	294	97	1,437	-	979	-
242,987	560,490	5,076	1,399,037	8,219	836,895	57,803
-	-	-	614,098	-	-	-
21,235	176,767	-	1,641,512	2,469	124,570	19,768
5,072	59,814	-	325,252	1,413	50,242	6,915
104,758	200,560	10,019	366,032	504	178,070	15,065
-	-	-	-	-	-	-
19,906	66,190	58,025*	407,612	1,100	90,870	4,579
1,221,892	3,701,402	115,146	14,586,583	47,282	4,743,234	310,361
(2,966)	-	-	(266,091)	-	-	-
1,218,926	3,701,402	115,146	14,320,492	47,282	4,743,234	310,361
(1,049,680)	(981,540)	(71,790)	44,043,137	(22,553)	(3,655,370)	(256,639)
4,762,932	9,282,414	60,537	(1,477,788)	10,148	12,113,657	868,968
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7,977	1,762,770	344,162	294,358	(158)	355,858	2,920
3,721,229	10,063,644	332,909	42,859,707	(12,563)	8,814,145	615,249
29,070,430	65,289,890	1,469,253	11,019,317	2,479,747	116,331,889	5,417,336
-	(1,639,289)	(362,326)	(120,402)	-	(362,822)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(2,071)	1,928	-	-	-	(10,023)	-
32,789,588	73,716,173	1,439,836	53,758,622	2,467,184	124,773,189	6,032,585
90,768,730	211,644,845	6,822,921	601,953,377	623,406	324,304,374	9,777,395
(40,130,502)	(110,533,665)	(1,787,812)	(678,105,275)	(442,145)	(131,092,195)	(6,272,330)
-	34,169,317	-	-	-	-	-
-	-	-	-	(34,169,317)	-	-
-	21,314	178	(946,187)	-	-	-
50,638,228	135,301,811	5,035,287	(77,098,085)	(33,988,056)	193,212,179	3,505,065
-	(5,433,108)	(3,243)	(41,838,779)	(16,380)	-	-
50,638,228	129,868,703	5,032,044	(118,936,864)	(34,004,436)	193,212,179	3,505,065
172,494,447	532,039,612	10,379,913	2,328,317,778	-	770,562,936	33,962,043
59.29%	71.06%	(51.71)%	29.51%	4.47%	96.21%	69.02%

part of these financial statements

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2009 (CONTINUED)

	Franklin U.S. Total Return Fund (USD)	Franklin U.S. Ultra Short Bond Fund (USD)	Franklin World Perspectives Fund (USD)	Franklin Mutual Beacon Fund (USD)	Franklin Mutual Euroland Fund (EUR)
NET ASSETS AT THE BEGINNING OF THE PERIOD	27,699,155	91,095,674	26,153,247	1,106,317,603	14,446,829
Currency translation adjustment	-	-	-	-	-
	27,699,155	91,095,674	26,153,247	1,106,317,603	14,446,829
INCOME					
Dividends (net of withholding taxes)	-	-	241,946	6,884,611	57,232
Interest on bonds (net of withholding taxes)	784,968	1,379,328	-	1,685,878	21,848
Bank interest	886	-	478	-	-
Securities lending	-	-	-	1,388	-
Interest on swaps	-	-	-	-	-
Sundry income	770	-	-	47,083	-
TOTAL INCOME	786,624	1,379,328	242,424	8,618,960	79,080
EXPENSES					
Investment management fees (note 3)	128,951	324,169	131,873	5,785,174	61,364
Administration and transfer agency fees	46,471	118,516	31,106	1,468,798	14,629
Subscription tax (note 10)	8,127	24,834	5,332	268,009	2,484
Custodian fees	2,383	2,879	4,270	68,360	1,897
Audit, printing and publishing expenses	2,615	7,630	2,259	94,920	1,185
Bank charges	298	-	-	283	72
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	31,682	49,795	30,926	1,762,570	18,959
Class AX(acc) shares' maintenance charges (note 13)	-	103,009	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	29,254	42,807	58	703,752	-
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	8,972	53,401	476	264,900	-
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	19,869	43,565	30,596	952,274	1,801
Interest expenses on swaps	16,744	-	-	-	-
Other charges	6,381	16,322	35,784*	383,515	2,514
TOTAL EXPENSES	301,747	786,927	272,680	11,752,555	104,905
Expenses reimbursement (note 16)	(32,577)	(61,853)	-	(835)	(34)
NET EXPENSES	269,170	725,074	272,680	11,751,720	104,871
NET PROFIT/(LOSS) FROM INVESTMENTS	517,454	654,254	(30,256)	(3,132,760)	(25,791)
Net realised profit/(loss) on sale of investments	225,261	(165,781)	1,271,779	(52,808,603)	2,543,736
Net realised profit/(loss) on forward foreign exchange contracts	(41,063)	-	-	(25,767,319)	-
Net realised profit/(loss) on financial future contracts	131,721	-	-	-	-
Net realised profit/(loss) on options contracts	-	-	-	(3,609,371)	-
Net realised profit/(loss) on credit default swaps	(1,163)	-	-	-	-
Net realised profit/(loss) on interest rate swaps	-	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	35,917	(146)	(5,860)	4,419,539	4,051
	868,127	488,327	1,235,663	(80,898,514)	2,521,996
NET REALISED PROFIT/(LOSS) FOR THE PERIOD					
Change in net unrealised appreciation/(depreciation) on:					
Investments	1,935,166	840,631	5,156,554	303,186,688	453,278
Forward foreign exchange contracts	15,892	-	-	16,872,839	-
Financial future contracts	(125,117)	-	-	-	-
Options contracts	-	-	-	2,365,051	-
Credit default swaps	9,704	-	-	-	-
Interest rate swaps	-	-	-	-	-
Foreign exchange transactions	(7,990)	-	(183)	(239,533)	(191)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	2,695,782	1,328,958	6,392,034	241,286,531	2,975,083
MOVEMENT OF CAPITAL					
Issue of shares	22,922,670	55,278,050	1,795,731	222,512,765	3,378,427
Redemption of shares	(11,597,966)	(38,505,128)	(1,380,112)	(312,792,813)	(9,836,367)
Issues of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	20,754	9,941	(554)	(30,562)	(6,482)
	11,345,458	16,782,863	415,065	(90,310,610)	(6,464,422)
Dividends paid/accumulated (note 18)	(559,821)	(682,067)	(60,319)	(1,487,449)	(237,311)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	10,785,637	16,100,796	354,746	(91,798,059)	(6,701,733)
NET ASSETS AT THE END OF THE PERIOD	41,180,574	108,525,428	32,900,027	1,255,806,075	10,720,179
Portfolio Turnover Ratio (note 21)	542.35%	(99.06)%	113.42%	39.07%	133.14%

* This amount includes taxes paid (USD 30,870) on the cash proceeds of a merger subsequently refunded to the Fund on January 15, 2010

The accompanying notes form an integral

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2009 (CONTINUED)

Franklin Mutual European Fund (EUR)	Franklin Mutual Global Discovery Fund (USD)	Franklin Templeton Global Equity Strategies Fund (USD)	Franklin Templeton Global Fundamental Strategies Fund (USD)	Franklin Templeton Global Growth and Value Fund (USD)	Franklin Templeton Japan Fund (JPY)	Templeton Asian Bond Fund (USD)
2,540,051,273	768,426,316	48,381,115	414,325,706	41,662,310	11,648,307,443	306,350,532
-	-	-	-	-	-	-
2,540,051,273	768,426,316	48,381,115	414,325,706	41,662,310	11,648,307,443	306,350,532
18,180,881	4,054,272	414,599	1,862,912	509,808	67,395,010	-
379,399	1,087,194	19,171	5,038,309	-	-	12,701,153
116,409	33,780	3,663	201	3,228	-	42,409
6,372	119	-	-	-	-	-
-	-	-	-	-	-	-
-	6,546	-	-	257	14,258	-
18,683,061	5,181,911	437,433	6,901,422	513,293	67,409,268	12,743,562
12,617,579	4,227,795	360,654	2,326,396	332,078	51,352,103	1,688,062
3,050,539	1,114,299	97,906	654,253	91,551	16,195,965	520,370
528,653	188,344	15,441	122,341	17,629	2,458,044	118,509
291,813	76,913	10,124	68,518	8,272	1,266,497	143,706
214,003	69,343	4,318	35,557	4,746	856,821	29,867
243	161	-	322	-	-	201
4,397,635	918,465	144,261	1,150,089	128,322	19,814,989	502,135
-	-	-	-	-	-	-
397,186	303,924	-	1,552	10,049	1,050,083	288,113
142,565	388,594	-	882	12,219	611,914	235,597
1,684,165	891,992	-	26,822	28,798	9,288,094	141,919
-	-	-	-	-	-	-
465,200	149,861	9,568	78,348	10,682	1,912,540	49,688
23,789,581	8,329,691	642,272	4,465,080	644,346	104,807,050	3,718,167
-	(143)	-	(20)	-	(14,139)	(87,898)
23,789,581	8,329,548	642,272	4,465,060	644,346	104,792,911	3,630,269
(5,106,520)	(3,147,637)	(204,839)	2,436,362	(131,053)	(37,383,643)	9,113,293
(25,022,303)	2,834,749	870,305	206,410	(1,072,696)	(99,581,942)	(4,370,348)
-	-	-	(328,820)	-	-	(7,927,165)
-	-	-	-	-	-	-
-	(1,852,265)	(2,105)	9,064	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(3,829,731)	6,479,897	661,882	10,947,817	13,646	(39,532,543)	432,489
(33,958,554)	4,314,744	1,325,243	13,270,833	(1,190,103)	(176,498,128)	(2,751,731)
469,507,943	92,693,090	10,573,761	58,448,150	15,103,996	54,134,293	39,547,378
-	(3,390,350)	(520,890)	(10,065,758)	-	-	2,873,021
-	-	-	-	-	-	-
-	1,852,304	2,142	(3,404)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
70,921	(75,770)	(23,419)	(86,093)	(2,153)	(147,180)	(186,629)
435,620,310	95,394,018	11,356,837	61,563,728	13,911,740	(122,511,015)	39,482,039
697,669,751	442,809,353	4,750,251	34,339,520	40,564,146	5,503,213,621	470,890,031
(1,026,544,124)	(368,398,922)	(2,898,738)	(18,674,781)	(10,324,819)	(7,454,802,416)	(96,409,450)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(112,028)	(30,814)	-	16,032	24,804	(2,470,287)	936,287
(328,986,401)	74,379,617	1,851,513	15,680,771	30,264,131	(1,954,059,082)	375,416,868
(35,439,193)	(2,443,354)	-	(3,789,580)	(198,494)	(17,859,785)	(9,426,490)
(364,425,594)	71,936,263	1,851,513	11,891,191	30,065,637	(1,971,918,867)	365,990,378
2,611,245,989	935,756,597	61,589,465	487,780,625	85,639,687	9,553,877,561	711,822,949
59.30%	(45.85)%	41.60%	48.53%	(3.80)%	282.82%	(20.27)%

part of these financial statements

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2009 (CONTINUED)

	Templeton Asian Growth Fund (USD)	Templeton Asian Smaller Companies Fund (USD)	Templeton BRIC Fund (USD)	Templeton China Fund (USD)	Templeton Eastern Europe Fund (EUR)
NET ASSETS AT THE BEGINNING OF THE PERIOD	5,003,281,807	9,190,269	1,707,702,485	670,340,808	418,499,527
Currency translation adjustment	-	-	-	-	-
	5,003,281,807	9,190,269	1,707,702,485	670,340,808	418,499,527
INCOME					
Dividends (net of withholding taxes)	70,691,794	221,817	19,629,386	7,195,193	521,108
Interest on bonds (net of withholding taxes)	-	-	-	-	75,093
Bank interest	132,395	69	34,776	22,510	12,135
Securities lending	-	-	-	-	-
Interest on swaps	-	-	-	-	-
Sundry income	-	-	-	-	109
TOTAL INCOME	70,824,189	221,886	19,664,162	7,217,703	608,445
EXPENSES					
Investment management fees (note 3)	41,503,368	84,846	17,912,059	6,667,365	4,540,930
Administration and transfer agency fees	7,356,930	17,731	2,901,201	1,019,944	779,695
Subscription tax (note 10)	1,484,684	2,276	608,745	222,424	154,903
Custodian fees	3,020,020	5,539	743,037	218,270	276,041
Audit, printing and publishing expenses	484,546	1,051	163,001	61,862	40,882
Bank charges	-	-	-	-	1,690
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	11,023,522	13,492	4,244,766	1,794,303	1,243,364
Class AX(acc) shares' maintenance charges (note 13)	-	-	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	472,116	398	1,290,003	-	120,503
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	562,163	-	494,627	120,146	24,986
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	1,705,951	-	1,085,251	285,481	176,989
Interest expenses on swaps	-	-	-	-	-
Other charges	1,046,680	2,231	351,018	134,329	89,396
TOTAL EXPENSES	68,659,980	127,564	29,793,708	10,524,124	7,449,379
Expenses reimbursement (note 16)	(443,180)	-	(298,210)	(2,893)	(7,856)
NET EXPENSES	68,216,800	127,564	29,495,498	10,521,231	7,441,523
NET PROFIT/(LOSS) FROM INVESTMENTS	2,607,389	94,322	(9,831,336)	(3,303,528)	(6,833,078)
Net realised profit/(loss) on sale of investments	54,521	201,621	(104,567,304)	10,340,716	(12,502,909)
Net realised profit/(loss) on forward foreign exchange contracts	-	-	-	-	-
Net realised profit/(loss) on financial future contracts	-	-	-	-	-
Net realised profit/(loss) on options contracts	-	-	-	-	-
Net realised profit/(loss) on credit default swaps	-	-	-	-	-
Net realised profit/(loss) on interest rate swaps	-	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	(2,238,413)	(14,591)	912,850	(50,182)	(409,004)
NET REALISED PROFIT/(LOSS) FOR THE PERIOD	423,497	281,352	(113,485,790)	6,987,006	(19,744,991)
Change in net unrealised appreciation/(depreciation) on:					
Investments	1,907,225,953	4,289,879	715,067,990	153,916,515	180,382,220
Forward foreign exchange contracts	(4,118,247)	-	(948,411)	-	-
Financial future contracts	-	-	-	-	-
Options contracts	-	-	-	-	-
Credit default swaps	-	-	-	-	-
Interest rate swaps	-	-	-	-	-
Foreign exchange transactions	59,423	(2,508)	1,147	1,887	87,175
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	1,903,590,626	4,568,723	600,634,936	160,905,408	160,724,404
MOVEMENT OF CAPITAL					
Issue of shares	3,136,191,711	13,983,623	1,085,240,323	515,418,354	323,652,458
Redemption of shares	(1,745,584,713)	(4,275,207)	(569,592,505)	(364,670,172)	(192,491,903)
Issues of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	2,869,722	63,438	73,648	115,164	-
	1,393,476,720	9,771,854	515,721,466	150,863,346	131,160,555
Dividends paid/accumulated (note 18)	(76,048,069)	(72,325)	(11,186,650)	(9,446,371)	(138,329)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	1,317,428,651	9,699,529	504,534,816	141,416,975	131,022,226
NET ASSETS AT THE END OF THE PERIOD	8,224,301,084	23,458,521	2,812,872,237	972,663,191	710,246,157
Portfolio Turnover Ratio (note 21)	(18.76)%	(60.00)%	36.19%	(39.62)%	21.41%

*This Fund changed its name effective on November 30, 2009 (previously Templeton Euroland Bond Fund)

**This Fund was launched on October 23, 2009

The accompanying notes form an integral

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2009 (CONTINUED)

Templeton Emerging Markets Fund (USD)	Templeton Emerging Markets Bond Fund (USD)	Templeton Markets Smaller Companies Fund (USD)	Templeton Euro Government Bond Fund* (EUR)	Templeton Euro Liquid Reserve Fund (EUR)	Templeton Euro Money Market Fund** (EUR)	Templeton Euroland Fund (EUR)
938,247,442	1,082,133,643	168,712,514	16,836,124	95,182,412	-	136,356,941
-	-	-	-	-	-	-
938,247,442	1,082,133,643	168,712,514	16,836,124	95,182,412	-	136,356,941
13,349,035	-	2,970,291	-	-	-	934,385
-	75,227,900	-	375,081	549,041	11,506	-
50,565	109,755	190	234	6,211	1,710	1,937
-	-	-	-	-	-	-
-	1,641,949	-	-	-	-	-
-	-	266	-	-	-	78
13,399,600	76,979,604	2,970,747	375,315	555,252	13,216	936,400
8,856,974	7,907,823	1,560,264	56,421	142,373	8,320	720,118
1,498,704	2,199,773	225,080	25,168	84,260	4,088	202,012
271,847	412,485	52,216	4,290	4,757	407	32,833
449,881	387,009	109,822	1,270	8,629	502	23,886
86,813	113,541	14,865	1,438	7,383	514	11,893
-	1,677	1,666	-	1,441	-	-
1,965,210	2,293,038	467,844	13,789	27,725	376	275,422
-	-	-	-	-	-	-
611,287	3,012,802	-	-	-	-	2,042
174,089	186,893	2,447	-	-	-	659
363,678	269,195	7,258	32,300	193,401	-	57,984
-	-	-	-	-	-	-
216,585	252,511	48,270	3,150	16,537	1,062	26,336
14,495,068	17,036,747	2,489,732	137,826	486,506	15,269	1,353,185
(37,529)	(7,667)	(43,019)	-	-	(15,269)	-
14,457,539	17,029,080	2,446,713	137,826	486,506	-	1,353,185
(1,057,939)	59,950,524	524,034	237,489	68,746	13,216	(416,785)
3,916,646	3,288,696	(10,484,413)	275,717	(989)	-	492,757
-	1,409,362	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(177,753)	191,719	(15,347)	-	-	-	(11,245)
2,680,954	64,840,301	(9,975,726)	513,206	67,757	13,216	64,727
325,409,058	167,147,606	62,114,688	78,796	832,128	-	29,055,481
-	8,602,278	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	43,075	-	-	-	-	-
(56,586)	(318,409)	2,047	-	-	-	(7,873)
328,033,426	240,314,851	52,141,009	592,002	899,885	13,216	29,112,335
282,024,616	1,787,585,338	36,071,224	9,350,905	90,334,002	23,412,957	20,690,357
(204,533,108)	(774,628,646)	(39,248,688)	(7,573,313)	(72,197,944)	-	(29,739,495)
-	-	-	-	-	-	-
21,289	17,769,718	(22,771)	(7,974)	(14,757)	569	(20,496)
77,512,797	1,030,726,410	(3,200,235)	1,769,618	18,121,301	23,413,526	(9,069,634)
(11,227,207)	(43,631,665)	(2,606,337)	(484,860)	(2,440,999)	-	(3,534,321)
66,285,590	987,094,745	(5,806,572)	1,284,758	15,680,302	23,413,526	(12,603,955)
1,332,566,458	2,309,543,239	215,046,951	18,712,884	111,762,599	23,426,742	152,865,321
72.54%	(51.33)%	43.63%	79.10%	N/A	N/A	15.46%

part of these financial statements

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2009 (CONTINUED)

	Templeton European Fund	Templeton European Total Return Fund	Templeton Frontier Markets Fund	Templeton Global Fund	Templeton Global (Euro) Fund
	(EUR)	(EUR)	(USD)	(USD)	(EUR)
NET ASSETS AT THE BEGINNING OF THE PERIOD	144,814,010	89,996,188	10,932,543	1,002,383,266	472,030,578
Currency translation adjustment	-	-	-	-	-
	144,814,010	89,996,188	10,932,543	1,002,383,266	472,030,578
INCOME					
Dividends (net of withholding taxes)	1,174,971	3,213	175,980	9,980,519	4,089,980
Interest on bonds (net of withholding taxes)	-	1,871,117	107	-	-
Bank interest	2,968	1,665	15	19,325	7,615
Securities lending	-	-	-	-	-
Interest on swaps	-	-	-	-	-
Sundry income	-	27,337	3,073	397	1,063
TOTAL INCOME	1,177,939	1,903,332	179,175	10,000,241	4,098,658
EXPENSES					
Investment management fees (note 3)	766,769	316,640	201,983	5,554,062	2,606,652
Administration and transfer agency fees	206,011	103,590	32,423	1,493,681	742,660
Subscription tax (note 10)	34,077	20,373	7,324	257,711	129,473
Custodian fees	23,686	8,474	25,496	108,154	45,881
Audit, printing and publishing expenses	12,764	6,939	1,562	91,160	40,789
Bank charges	-	771	-	-	-
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	291,799	72,902	33,201	2,013,175	1,228,851
Class AX(acc) shares' maintenance charges (note 13)	-	-	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	-	-	253	472,176	37
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	1,648	4,211	248	101,378	-
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	29,325	152,762	44,790	228,013	19,027
Interest expenses on swaps	-	-	-	-	-
Other charges	28,141	15,353	5,567	200,314	89,131
TOTAL EXPENSES	1,394,220	702,015	352,847	10,519,824	4,902,501
Expenses reimbursement (note 16)	-	(122,109)	(3,598)	-	-
NET EXPENSES	1,394,220	579,906	349,249	10,519,824	4,902,501
NET PROFIT/(LOSS) FROM INVESTMENTS	(216,281)	1,323,426	(170,074)	(519,583)	(803,843)
Net realised profit/(loss) on sale of investments	105,216	(4,227,319)	506,839	15,098,332	(15,925,821)
Net realised profit/(loss) on forward foreign exchange contracts	-	144,152	-	-	-
Net realised profit/(loss) on financial future contracts	-	-	-	-	-
Net realised profit/(loss) on options contracts	-	-	-	-	-
Net realised profit/(loss) on credit default swaps	-	-	-	-	-
Net realised profit/(loss) on interest rate swaps	-	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	(85,290)	16,326	496,911	(481,159)	(130,860)
NET REALISED PROFIT/(LOSS) FOR THE PERIOD	(196,355)	(2,743,415)	833,676	14,097,590	(16,860,524)
Change in net unrealised appreciation/(depreciation) on:					
Investments	30,185,948	9,694,764	2,671,208	234,156,306	104,327,915
Forward foreign exchange contracts	-	(92,047)	(616,487)	-	(99,287)
Financial future contracts	-	-	-	-	-
Options contracts	-	-	-	-	-
Credit default swaps	-	-	-	-	-
Interest rate swaps	-	-	-	-	-
Foreign exchange transactions	29,201	123	(20,376)	97,365	(107,972)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	30,018,794	6,859,425	2,868,021	248,351,261	87,260,132
MOVEMENT OF CAPITAL					
Issue of shares	43,689,173	14,207,936	36,237,148	193,993,458	41,899,712
Redemption of shares	(42,312,424)	(32,422,111)	(6,425,527)	(215,206,971)	(27,798,602)
Issues of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	(3,996)	(56,917)	655	(49,857)	(9,862)
	1,372,753	(18,271,092)	29,812,276	(21,263,370)	14,091,248
Dividends paid/accumulated (note 18)	(3,445,930)	(1,317,257)	(57,799)	(10,935,497)	(4,697,924)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	(2,073,177)	(19,588,349)	29,754,477	(32,198,867)	9,393,324
NET ASSETS AT THE END OF THE PERIOD	172,759,627	77,267,264	43,555,041	1,218,535,660	568,684,034
Portfolio Turnover Ratio (note 21)	23.73%	98.07%	23.37%	20.82%	43.97%

The accompanying notes form an integral

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2009 (CONTINUED)

Templeton Global Balanced Fund	Templeton Global Bond Fund	Templeton Global Bond (Euro) Fund	Templeton Global Equity Income Fund	Templeton Global High Yield Fund	Templeton Global Income Fund	Templeton Global Smaller Companies Fund
(USD)	(USD)	(EUR)	(USD)	(USD)	(USD)	(USD)
647,982,642	9,472,784,421	137,972,094	99,738,750	9,856,828	97,979,719	125,392,526
-	-	-	-	-	-	-
647,982,642	9,472,784,421	137,972,094	99,738,750	9,856,828	97,979,719	125,392,526
4,826,262	-	-	1,322,218	15,452	759,264	896,667
4,943,013	332,592,629	5,243,287	-	577,871	2,258,160	-
18,509	390,237	8,311	3,792	41	10,594	16,051
-	-	-	-	-	-	-
-	31,874,893	24,718	-	-	-	-
-	-	-	-	-	1,540	6,379
9,787,784	364,857,759	5,276,316	1,326,010	593,364	3,029,558	919,097
2,924,533	44,947,900	579,200	582,133	58,086	517,454	927,462
1,125,629	13,470,521	171,613	152,332	17,853	143,154	245,758
191,661	3,078,818	38,595	30,936	3,616	31,631	50,800
113,703	3,587,340	47,192	16,305	2,015	24,893	31,836
55,805	874,272	11,639	8,815	1,038	9,202	13,350
-	38,615	-	-	-	2,415	-
1,423,269	11,174,243	137,095	265,924	26,092	208,417	406,437
-	1,317,291	-	-	-	-	-
965,483	8,306,677	2,736	76,253	-	101,881	21,201
203,402	4,802,390	-	3,199	-	56,184	3,320
81,330	7,074,717	298,199	6,136	11,489	44,123	48,116
-	-	-	-	-	-	-
123,259	898,874	11,440	19,523	2,300	20,259	29,337
7,208,074	99,571,658	1,297,709	1,161,556	122,489	1,159,613	1,777,617
(2,197)	(118,905)	(58,959)	(224,185)	-	(126,199)	(109)
7,205,877	99,452,753	1,238,750	937,371	122,489	1,033,414	1,777,508
2,581,907	265,405,006	4,037,566	388,639	470,875	1,996,144	(858,411)
(49,284,396)	(167,390,787)	(2,040,743)	(16,138,968)	36,728	(1,123,634)	(5,339,204)
677,557	(135,658,312)	(387,088)	-	(175,289)	(596,187)	-
-	(4,802)	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	28,481,596	-	-	-	-	-
577,614	139,590,069	24,431	31,845	9,451	104,970	(181,507)
(45,447,318)	130,422,770	1,634,166	(15,718,484)	341,765	381,293	(6,379,122)
164,266,542	1,039,339,373	13,551,822	40,156,706	1,437,320	17,247,051	43,786,618
(162,290)	(48,690,182)	(5,928,387)	-	144,349	(45,746)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(50,160,045)	(18,877)	-	-	-	-
(125,090)	(5,249,535)	50,587	(6,261)	(4,013)	(36,433)	(2,504)
118,531,844	1,065,662,381	9,289,311	24,431,961	1,919,421	17,546,165	37,404,992
75,294,695	7,701,042,667	84,759,223	15,943,796	13,936,710	53,017,986	127,190,156
(78,714,252)	(2,392,548,333)	(37,110,901)	(14,935,491)	(4,461,074)	(27,218,938)	(68,411,917)
-	-	-	-	-	-	-
26,708	13,730,744	833,280	(7,132)	42,462	235,642	6,833
(3,392,849)	5,322,225,078	48,481,602	1,001,173	9,518,098	26,034,690	58,785,072
(6,143,234)	(310,035,076)	(7,036,874)	(1,722,295)	(460,800)	(2,874,019)	(1,474,426)
(9,536,083)	5,012,190,002	41,444,728	(721,122)	9,057,298	23,160,671	57,310,646
756,978,403	15,550,636,804	188,706,133	123,449,589	20,833,547	138,686,555	220,108,164
43.58%	43.65%	(27.74)%	34.83%	(52.59)%	(14.31)%	(34.93)%

part of these financial statements

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2009 (CONTINUED)

	Templeton Global Total Return Fund (USD)	Templeton Growth (Euro) Fund (EUR)	Templeton Korea Fund (USD)	Templeton Latin America Fund (USD)	Templeton Thailand Fund (USD)
NET ASSETS AT THE BEGINNING OF THE PERIOD	2,481,854,834	3,583,682,816	74,580,646	2,234,440,086	118,376,363
Currency translation adjustment	-	-	-	-	-
	<u>2,481,854,834</u>	<u>3,583,682,816</u>	<u>74,580,646</u>	<u>2,234,440,086</u>	<u>118,376,363</u>
INCOME					
Dividends (net of withholding taxes)	137,642	33,709,848	45,323	43,420,159	1,502,474
Interest on bonds (net of withholding taxes)	136,297,872	906,797	-	-	-
Bank interest	17,317	181,398	2,665	57,543	3,051
Securities lending	-	5,851	-	-	-
Interest on swaps	13,145,426	-	-	-	-
Sundry income	19,251	525	266	-	1,105
TOTAL INCOME	<u>149,617,508</u>	<u>34,804,419</u>	<u>48,254</u>	<u>43,477,702</u>	<u>1,506,630</u>
EXPENSES					
Investment management fees (note 3)	12,077,827	20,499,842	749,470	18,811,366	1,083,664
Administration and transfer agency fees	3,606,044	5,895,559	150,528	3,307,753	183,992
Subscription tax (note 10)	821,684	1,062,671	24,393	641,714	36,719
Custodian fees	797,440	375,671	38,367	1,102,959	57,569
Audit, printing and publishing expenses	235,275	310,819	6,970	211,095	10,198
Bank charges	16,592	18,361	-	578	4,440
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	3,127,165	10,095,201	217,828	4,817,987	313,564
Class AX(acc) shares' maintenance charges (note 13)	-	-	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	885,273	2,975	-	757,582	38,389
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	723,997	113	816	101,728	-
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	2,893,021	135,747	19,020	538,981	16,061
Interest expenses on swaps	-	-	-	-	-
Other charges	509,751	699,414	15,388	456,410	22,390
TOTAL EXPENSES	<u>25,694,069</u>	<u>39,096,373</u>	<u>1,222,780</u>	<u>30,748,153</u>	<u>1,766,986</u>
Expenses reimbursement (note 16)	(919,193)	-	(735)	(126,166)	(919)
NET EXPENSES	<u>24,774,876</u>	<u>39,096,373</u>	<u>1,222,045</u>	<u>30,621,987</u>	<u>1,766,067</u>
NET PROFIT/(LOSS) FROM INVESTMENTS	124,842,632	(4,291,954)	(1,173,791)	12,855,715	(259,437)
Net realised profit/(loss) on sale of investments	(16,060,847)	(87,486,494)	(5,159,539)	96,302,656	(224,404)
Net realised profit/(loss) on forward foreign exchange contracts	(74,007,009)	-	-	-	-
Net realised profit/(loss) on financial future contracts	(4,804)	-	-	-	-
Net realised profit/(loss) on options contracts	-	-	-	-	-
Net realised profit/(loss) on credit default swaps	-	-	-	-	-
Net realised profit/(loss) on interest rate swaps	(16,072,287)	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	55,227,832	(1,405,685)	(45,425)	(1,436,546)	(23,360)
NET REALISED PROFIT/(LOSS) FOR THE PERIOD	<u>106,070,091</u>	<u>(93,184,133)</u>	<u>(6,378,755)</u>	<u>107,721,825</u>	<u>(507,201)</u>
Change in net unrealised appreciation/(depreciation) on:					
Investments	331,246,136	848,410,623	26,701,893	842,294,548	29,308,186
Forward foreign exchange contracts	51,701,103	(30,925)	-	(654,522)	-
Financial future contracts	-	-	-	-	-
Options contracts	-	-	-	-	-
Credit default swaps	-	-	-	-	-
Interest rate swaps	(21,825,262)	-	-	-	-
Foreign exchange transactions	(1,555,647)	(804,710)	1,852	(367,732)	2,374
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	<u>465,636,421</u>	<u>754,390,855</u>	<u>20,324,990</u>	<u>948,994,119</u>	<u>28,803,359</u>
MOVEMENT OF CAPITAL					
Issue of shares	2,167,714,945	370,003,907	62,283,091	1,317,134,433	110,280,226
Redemption of shares	(682,303,603)	(198,853,252)	(50,608,736)	(1,130,808,506)	(109,512,089)
Issues of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	6,353,483	(47,725)	(132)	385,866	81,043
	<u>1,491,764,825</u>	<u>171,102,930</u>	<u>11,674,223</u>	<u>186,711,793</u>	<u>849,180</u>
Dividends paid/accumulated (note 18)	(112,598,923)	(37,335,134)	(3,840)	(22,463,874)	(2,233,409)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	<u>1,379,165,902</u>	<u>133,767,796</u>	<u>11,670,383</u>	<u>164,247,919</u>	<u>(1,384,229)</u>
NET ASSETS AT THE END OF THE PERIOD	<u>4,326,657,157</u>	<u>4,471,841,467</u>	<u>106,576,019</u>	<u>3,347,682,124</u>	<u>145,795,493</u>
Portfolio Turnover Ratio (note 21)	20.76%	10.49%	(34.30)%	12.98%	(70.81)%

The accompanying notes form an integral

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2009 (CONTINUED)

Templeton U.S. Dollar Liquid Reserve Fund	Templeton U.S. Value Fund
(USD)	(USD)
332,851,770	16,843,928
-	-
<u>332,851,770</u>	<u>16,843,928</u>
-	136,096
595,179	-
-	-
-	-
-	-
-	241
<u>595,179</u>	<u>136,337</u>
396,046	107,133
188,367	30,382
11,903	5,316
6,706	755
22,178	1,622
5,046	-
93,399	31,324
-	-
165,814	15,710
76,112	5,263
172,732	6,849
-	-
48,851	3,602
<u>1,187,154</u>	<u>207,956</u>
-	-
<u>1,187,154</u>	<u>207,956</u>
(591,975)	(71,619)
-	415,020
-	-
-	-
-	-
-	-
-	-
-	42,748
<u>(591,975)</u>	<u>386,149</u>
122,202	4,078,281
-	(32,271)
-	-
-	-
-	-
-	-
-	(174)
<u>(469,773)</u>	<u>4,431,985</u>
158,708,784	10,221,755
(246,911,948)	(9,140,795)
-	-
-	-
-	14,587
<u>(88,203,164)</u>	<u>1,095,547</u>
-	(49,120)
<u>(88,203,164)</u>	<u>1,046,427</u>
<u>244,178,833</u>	<u>22,322,340</u>
N/A	7.93%

part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009

Note 1 — The Company

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

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

Changes to the Investment Manager structure of the Company

Franklin Templeton Investments Corp. has been appointed Investment Manager of Templeton Global (Euro) Fund in replacement of Franklin Templeton Investment Management Limited with effect from July 1st, 2009.

Franklin Templeton Institutional LLC has been appointed Investment Manager of Franklin Templeton Global Growth & Value Fund in replacement of Franklin Advisers, Inc. with effect from November 1st, 2009.

Fund launches

The following Fund was launched effective on October 23, 2009:

- ▶ Templeton Euro Money Market Fund

Fund mergers

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

Fund name changes

The following Fund changed its name effective on November 30, 2009:

- ▶ Templeton Euroland Bond Fund became Templeton Euro Government Bond Fund

Share class launches

The following share classes were launched effective on July 31, 2009:

- ▶ Templeton Global Bond Fund Class I (Mdis) GBP hedged (H1)
- ▶ Templeton Global Total Return Fund Class I (Mdis) GBP

The following share classes were launched effective on August 14, 2009:

- ▶ Franklin High Yield (Euro) Fund Class B (Mdis) EUR
- ▶ Templeton Emerging Markets Bond Fund Class A (Mdis) USD and B (Mdis) USD
- ▶ Templeton Global Total Return Fund Class I (Mdis) GBP hedged (H1) and I (Mdis) GBP

The following share classes were launched effective on September 14, 2009:

- ▶ Franklin Mutual Global Discovery Fund Class A (Acc) CHF hedged (H1)
- ▶ Templeton Growth (Euro) Fund Class A (Acc) EUR hedged (H2)
- ▶ Templeton Global Bond Fund Class A (Acc) CHF hedged (H1)
- ▶ Templeton Global Total Return Fund Class A (Acc) CHF hedged (H1)

The following share classes were launched effective on September 30, 2009:

- ▶ Franklin India Fund Class I (Ydis) EUR hedged (H2)
- ▶ Templeton Asian Growth Fund Class I (Ydis) EUR hedged (H2)
- ▶ Templeton Global Total Return Fund Class A (Mdis) SGD hedged (H1)
- ▶ Templeton Latin America Fund Class I (Ydis) EUR hedged (H2)

The following share classes were launched effective on November 20, 2009:

- ▶ Franklin European Growth Fund Class A (Ydis) GBP
- ▶ Franklin European Small-Mid Cap Growth Fund Class A (Ydis) GBP
- ▶ Franklin India Fund Class N (Acc) PLN hedged (H1)
- ▶ Franklin U.S. Opportunities Fund Class N (Acc) PLN hedged (H1)
- ▶ Franklin Templeton Global Fundamental Strategies Fund Class N (Acc) PLN hedged (H1)
- ▶ Templeton Asian Growth Fund Class N (Acc) PLN hedged (H1)
- ▶ Templeton BRIC Fund Class N (Acc) PLN hedged (H1)
- ▶ Templeton Global Bond Fund Class N (Acc) PLN hedged (H1)
- ▶ Templeton Latin America Fund Class N (Acc) PLN hedged (H1)

For a full list of Funds and share classes offered as at December 31, 2009 please refer to note 13.

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 2 — Significant accounting policies

(a) General

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

(b) Investment in securities

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

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

The 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.

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 on their historical experience, for anticipated paydowns. Such estimates are recorded as a reduction or increase to the related holdings as disclosed on the Schedule of Investments and are included in the related unrealised appreciation/depreciation on investments shown on the “Statement of Operations and Changes in Net Assets”.

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

(c) Foreign exchange transactions

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

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

(d) Forward foreign exchange contracts

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

(e) Income

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

Interest income is accrued on a daily basis.

(f) Formation expenses

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

(g) Future contracts

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

(h) Option contracts

Options are contracts entitling the holder to purchase or sell a specified number of shares or units of a particular security at a specified price at any time until the contract-stated expiration date. Options purchased are recorded as investments; options written (sold) are recorded as liabilities. When the exercise of an option results in a cash settlement, the difference between the premium (original option value) and the settlement proceeds is accounted for as a realised gain or loss. When securities are acquired or delivered upon exercise of an option, the acquisition cost or 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.

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 2 — Significant accounting policies (continued)

(i) Interest Rate Swaps

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

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

(j) Credit Default Swaps

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

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

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

(k) Mortgage Dollar Rolls

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

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

(l) Securities Lending

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

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, 2009.

	All classes except Class I	Class I
Franklin Asian Flex Cap Fund	1.00%	0.70%
Franklin Biotechnology Discovery Fund	1.00%	0.70%
Franklin Euroland Core Fund	1.00%	0.70%
Franklin European Growth Fund	1.00%	0.70%
Franklin European Small-Mid Cap Growth Fund	1.00%	0.70%
Franklin Global Growth Fund	1.00%	0.70%
Franklin Global Real Estate (Euro) Fund	1.00%	0.70%
Franklin Global Real Estate (USD) Fund	1.00%	0.70%
Franklin Global Small-Mid Cap Growth Fund	1.00%	0.70%
Franklin High Yield Fund	0.80%	0.60%
Franklin High Yield (Euro) Fund	0.80%	0.60%
Franklin Income Fund	0.85%	0.60%
Franklin India Fund	1.00%	0.70%
Franklin MENA Fund	1.50%	1.05%
Franklin Natural Resources Fund	1.00%	0.70%
Franklin Strategic Income Fund	0.75%	0.55%
Franklin Technology Fund	1.00%	0.70%
Franklin U.S. Equity Fund	1.00%	0.70%
Franklin U.S. Focus Fund	1.00%	0.70%
Franklin U.S. Government Fund	0.65%	0.40%
Franklin U.S. Growth Fund *	1.00%	0.70%
Franklin U.S. Opportunities Fund	1.00%	0.70%

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 3 — Investment management fees (continued)

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 Government Bond Fund	0.50%	0.35%
Templeton Euro Liquid Reserve Fund	0.30%	0.20%
Templeton Euro Money Market Fund	0.25%	0.20%
Templeton Euroland Fund	1.00%	0.70%
Templeton European Fund	1.00%	0.70%
Templeton European 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 Balanced Fund	0.80%	0.60%
Templeton Global Bond Fund	0.75%	0.55%
Templeton Global Bond (Euro) Fund	0.75%	0.55%
Templeton Global Equity Income Fund	1.00%	0.70%
Templeton Global High Yield Fund	0.85%	0.60%
Templeton Global Income Fund	0.85%	0.60%
Templeton Global Smaller Companies Fund	1.00%	0.70%
Templeton Global Total Return Fund	0.75%	0.55%
Templeton Growth (Euro) Fund	1.00%	0.70%
Templeton Korea Fund	1.60%	1.10%
Templeton Latin America Fund	1.40%	1.00%
Templeton Thailand Fund	1.60%	1.10%
Templeton U.S. Dollar Liquid Reserve Fund	0.30%	0.20%
Templeton U.S. Value Fund	1.00%	0.70%

* This Fund was merged into Franklin U.S. Equity Fund effective on July 31, 2009.

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, 2009 (CONTINUED)

Note 4 — Forward foreign exchange contracts

As at December 31, 2009, the Company had entered into the following outstanding contracts:

Franklin Global Real Estate (Euro) Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) EUR
7	EUR 8,268,803	USD 11,858,701	(16,931)
6	EUR 2,235,318	AUD 3,645,244	(30,356)
4	EUR 749,064	JPY 97,052,170	19,415
3	EUR 1,037,837	GBP 920,785	(824)
2	EUR 336,625	CAD 514,606	(5,418)
2	EUR 302,952	HKD 3,368,948	(804)
2	USD 366,972	EUR 257,000	(595)
2	EUR 456,546	SGD 919,460	(144)
1	EUR 151,646	NZD 309,001	(4,032)
1	AUD 132,962	EUR 81,000	1,640
			(38,049)

Franklin Global Real Estate (USD) Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
5	USD 6,628,500	AUD 7,539,896	(78,654)
3	USD 919,321	HKD 7,126,364	(293)
3	USD 2,996,862	GBP 1,853,880	3,887
3	USD 3,780,380	EUR 2,637,146	6,047
3	USD 2,126,987	JPY 192,196,950	58,936
2	USD 329,083	NZD 467,407	(7,946)
1	USD 841,576	CAD 897,007	(11,736)
1	USD 1,190,497	SGD 1,670,348	3,082
			(26,677)

Franklin High Yield Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
13	SGD 25,015,430	USD 18,003,551	(216,003)
2	USD 893,889	SGD 1,242,000	10,749
			(205,254)

Franklin High Yield (Euro) Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) EUR
3	EUR 18,941,306	GBP 17,450,000	(747,837)
1	EUR 78,219,825	USD 116,000,000	(2,819,594)
1	USD 5,000,000	EUR 3,395,355	97,723
			(3,469,708)

Franklin Income Fund

Number of contracts	Purchase	Sale	Unrealised profit/(loss) USD
10	SGD 32,386,804	USD 23,306,431	(277,370)
			(277,370)

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at December 31, 2009, the Company had entered into the following outstanding contracts:

Franklin India Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
5	EUR 6,105,308	INR 418,425,900	(226,510)
4	PLN 2,921,667	USD 1,042,000	(26,484)
3	USD 558,000	EUR 388,084	2,555
2	EUR 380,478	USD 558,000	(13,441)
2	USD 52,594	PLN 151,000	109
1	INR 12,238,200	EUR 180,000	4,577
			(259,194)

Franklin MENA Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
29	EUR 2,615,556	USD 3,836,652	(93,138)
2	USD 133,177	EUR 91,000	2,933
			(90,205)

Franklin Strategic Income Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
32	USD 3,197,851	JPY 287,359,000	94,715
26	USD 7,823,242	EUR 5,412,502	82,959
24	USD 1,821,992	NZD 2,827,279	(193,317)
22	INR 21,132,000	USD 419,675	30,896
19	PHP 61,864,000	USD 1,300,483	(8,115)
8	NZD 1,604,256	USD 1,149,439	(4,225)
6	BRL 120,000	JPY 5,654,165	4,215
6	CLP 259,137,200	USD 453,274	60,630
5	USD 900,213	SGD 1,347,130	(57,504)
5	CNY 8,442,169	USD 1,267,033	(22,632)
5	USD 252,056	MXN 3,430,330	(4,059)
5	ILS 549,500	USD 144,587	86
5	SGD 1,347,130	USD 947,166	10,550
1	USD 99,681	AUD 133,926	(18,751)
1	USD 161,950	GBP 100,000	766
1	EUR 146,000	USD 199,889	9,099
1	IDR 3,099,000,000	USD 300,000	13,916
			(771)

Franklin U.S. Equity Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
20	EUR 31,060,285	USD 45,870,941	(1,414,819)
3	USD 5,587,594	EUR 3,856,000	68,663
			(1,346,156)

Franklin U.S. Focus Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
37	EUR 5,678,655	USD 8,427,584	(299,544)
4	USD 798,990	EUR 534,379	34,118
			(265,426)

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at December 31, 2009, the Company had entered into the following outstanding contracts:

Franklin U.S. Government Fund

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
5	SGD	7,534,319	USD	5,422,949	(65,573)
1	USD	114,664	SGD	161,000	183
					(65,390)

Franklin U.S. Opportunities Fund

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
21	EUR	17,937,685	USD	26,119,844	(446,530)
3	PLN	2,867,292	USD	1,021,000	(24,384)
3	USD	4,361,689	EUR	2,974,636	104,239
					(366,675)

Franklin U.S. Total Return Fund

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
23	INR	15,544,750	USD	317,488	10,904
16	PHP	8,889,000	USD	187,236	(663)
9	USD	1,242,488	EUR	862,800	8,307
7	MYR	360,872	USD	102,525	2,165
6	ILS	104,600	USD	27,522	17
5	CLP	33,339,000	USD	56,757	9,271
2	USD	357,141	SGD	538,000	(25,395)
2	SGD	538,000	USD	386,918	(4,382)
2	USD	29,839	MXN	406,000	(470)
1	CNY	69,087	EUR	7,016	153
1	USD	80,975	GBP	50,000	383
					290

Franklin Mutual Beacon Fund

Number of contracts	Purchases		Sales		Unrealised profit/(loss) USD
48	EUR	43,112,942	USD	63,774,635	(2,062,131)
29	USD	123,972,001	EUR	82,981,904	5,196,726
21	USD	94,682,091	GBP	57,929,449	1,137,074
15	USD	29,082,751	CHF	30,769,441	(669,987)
10	USD	1,858,500	KRW	2,164,795,000	2,974
6	USD	5,843,436	DKK	29,093,602	254,251
5	AUD	1,510,000	USD	1,373,207	(20,898)
4	SGD	661,400	USD	469,834	341
3	GBP	2,590,692	USD	4,282,369	(99,549)
3	JPY	101,847,910	USD	1,116,587	(20,437)
3	DKK	2,742,990	USD	536,010	(9,053)
3	USD	5,773,704	JPY	524,601,509	127,621
3	USD	17,214,377	NOK	97,268,339	468,671
2	CHF	1,870,790	USD	1,841,410	(32,435)
2	USD	4,178,103	SGD	5,907,011	(21,065)
2	USD	2,897,244	AUD	3,140,000	85,158
1	USD	1,240,548	CAD	1,327,634	(22,491)
1	CAD	250,000	USD	235,938	1,898
					4,316,670

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at December 31, 2009, the Company had entered into the following outstanding contracts:

Franklin Mutual Global Discovery Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
25	EUR 15,055,743	GBP 13,507,900	(262,770)
16	EUR 41,135,797	USD 61,080,000	(2,201,024)
12	EUR 5,668,486	CHF 8,560,100	(158,332)
12	EUR 5,557,622	NOK 47,083,000	(150,659)
9	USD 6,899,300	EUR 4,796,328	34,162
5	CHF 1,080,295	USD 1,049,574	(5,497)
3	GBP 336,000	EUR 371,092	11,417
2	CHF 108,900	EUR 72,470	1,504
2	NOK 762,100	EUR 90,213	2,072
			(2,729,127)

Franklin Templeton Global Equity Strategies Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
9	EUR 6,019,698	USD 8,956,891	(340,706)
2	USD 921,261	EUR 635,000	12,365
			(328,341)

Franklin Templeton Global Fundamental Strategies Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
46	USD 21,441,258	JPY 1,951,857,926	370,618
35	USD 23,094,353	NZD 35,638,377	(2,389,078)
32	INR 456,000,050	USD 9,206,678	468,348
30	PHP 371,652,000	USD 7,850,601	(43,983)
27	USD 33,677,816	EUR 23,428,866	155,313
25	EUR 98,017,909	USD 145,776,311	(5,480,156)
23	MYR 18,225,766	USD 5,165,168	115,992
23	CLP 5,157,431,000	USD 8,536,722	1,664,048
20	USD 17,477,309	SGD 26,425,200	(1,313,899)
17	SGD 26,425,200	USD 18,992,873	(201,665)
12	USD 8,160,294	MXN 110,489,745	(225,173)
10	CNY 28,373,042	USD 4,088,470	75,943
9	ILS 13,587,600	USD 3,589,274	(12,591)
6	BRL 3,507,000	JPY 165,242,022	123,267
6	NOK 42,663,000	EUR 4,960,511	163,484
5	MYR 9,086,924	EUR 1,799,791	57,208
5	PLN 8,005,000	EUR 1,817,171	156,568
4	CNY 9,570,558	EUR 968,204	26,788
4	PEN 1,464,744	USD 477,107	28,723
3	SEK 37,464,245	EUR 3,582,738	116,406
3	SEK 54,952,452	USD 6,928,614	754,256
2	MXN 39,279,982	USD 2,668,988	326,192
1	USD 223,504	AUD 328,610	(68,813)
1	PLN 2,721,335	USD 970,000	(24,117)
1	IDR 103,161,237	NZD 14,818	(247)
1	INR 409,167	NZD 12,437	(164)
			(5,156,732)

Templeton Asian Bond Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
43	USD 78,173,986	JPY 7,089,479,119	1,632,216
31	PHP 2,125,696,000	USD 44,739,433	(206,260)
28	USD 41,257,142	NZD 62,917,477	(3,668,703)
19	EUR 26,491,895	USD 38,876,611	(960,086)
4	INR 1,062,213,000	USD 21,979,367	424,409
4	CNY 177,537,000	USD 24,820,209	1,408,417
4	MYR 143,961,352	USD 39,808,321	2,060,766
2	USD 4,848,790	EUR 3,321,601	94,748
			785,507

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at December 31, 2009, the Company had entered into the following outstanding contracts:

Templeton Asian Growth Fund						Unrealised profit/(loss)
Number of contracts	Purchases		Sales		USD	
34	EUR	101,170,749	USD	148,273,426	(3,472,781)	
5	EUR	6,292,471	THB	305,877,600	(165,415)	
4	EUR	2,458,087	KRW	4,208,068,300	(81,944)	
4	EUR	2,034,035	IDR	28,496,796,800	(66,736)	
4	PLN	2,929,791	USD	1,045,000	(26,662)	
3	EUR	6,081,144	INR	417,007,500	(230,706)	
3	EUR	7,209,522	HKD	81,602,300	(211,003)	
2	USD	51,525	PLN	144,000	1,474	
2	USD	2,102,701	EUR	1,447,071	31,580	
1	IDR	830,717,400	EUR	60,592	89	
1	HKD	1,946,700	EUR	175,221	410	
1	KRW	69,676,200	EUR	41,131	740	
1	INR	6,957,100	EUR	102,325	2,602	
					(4,218,352)	
					(4,218,352)	
Templeton BRIC Fund						Unrealised profit/(loss)
Number of contracts	Purchases		Sales		USD	
19	EUR	30,826,793	USD	45,146,876	(1,026,025)	
3	PLN	2,909,022	USD	1,037,000	(25,881)	
3	USD	65,775	PLN	187,000	778	
2	USD	994,224	EUR	699,000	(6,220)	
					(1,057,348)	
					(1,057,348)	
Templeton Emerging Markets Bond Fund						Unrealised profit/(loss)
Number of contracts	Purchases		Sales		USD	
37	INR	4,348,118,250	USD	88,247,593	3,710,433	
30	PHP	6,636,899,000	USD	140,235,982	(707,398)	
28	CLP	32,305,709,007	USD	54,858,710	9,100,208	
11	USD	168,616,138	EUR	118,720,244	(1,214,663)	
10	MYR	332,566,035	USD	96,156,733	(43,063)	
8	PLN	200,581,000	EUR	44,915,791	4,879,060	
5	USD	9,593,347	MXN	130,665,950	(330,762)	
4	PEN	46,521,979	USD	15,273,498	791,519	
3	USD	62,171,509	JPY	5,665,337,333	859,580	
2	CNY	54,396,000	USD	7,712,198	258,243	
2	MXN	104,301,160	USD	7,087,032	866,146	
1	KRW	4,304,000,000	USD	3,164,706	521,146	
					18,690,449	
					18,690,449	
Templeton European Total Return Fund						Unrealised profit/(loss)
Number of contracts	Purchases		Sales		EUR	
1	SEK	70,000,000	EUR	6,815,173	17,231	
1	GBP	7,500,000	EUR	8,332,685	128,691	
					145,922	
					145,922	
Templeton Frontier Markets Fund						Unrealised profit/(loss)
Number of contracts	Purchases		Sales		USD	
25	EUR	9,221,796	USD	13,671,019	(470,794)	
5	USD	1,496,750	EUR	1,009,000	52,451	
					(418,343)	
					(418,343)	

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at December 31, 2009, the Company had entered into the following outstanding contracts:

Templeton Global (Euro) Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) EUR
2	EUR 8,140,082	USD 11,717,500	(47,021)
2	EUR 2,605,994	GBP 2,347,900	(42,463)
2	EUR 1,002,960	CHF 1,491,600	(4,356)
			(93,840)

Templeton Global Balanced fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
39	USD 35,175,430	JPY 3,200,572,000	628,423
29	INR 633,649,000	USD 12,622,830	871,576
29	CLP 8,581,641,000	USD 14,258,389	2,717,358
28	EUR 3,612,435	USD 5,295,702	(125,403)
6	BRL 5,996,000	JPY 282,520,417	210,732
3	USD 13,871,930	NZD 26,081,258	(4,928,988)
3	USD 1,660,787	MXN 22,592,600	(26,637)
3	CNY 18,524,000	USD 2,632,610	82,422
2	USD 871,916	EUR 616,434	(10,447)
1	CNY 862,000	EUR 86,618	3,495
1	MYR 10,640,000	USD 2,998,450	86,949
1	PEN 7,265,000	USD 2,372,245	136,393
			(354,127)

Templeton Global Bond Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
92	EUR 1,558,701,270	USD 2,302,072,543	(70,974,788)
49	GBP 197,612,489	USD 317,315,756	1,850,500
47	INR 40,888,220,285	USD 823,888,508	43,009,613
46	USD 2,004,683,112	JPY 181,967,098,275	39,778,857
38	USD 2,458,302,046	EUR 1,704,009,360	21,045,649
37	CLP 352,640,156,790	USD 604,613,694	92,839,270
32	USD 1,164,481,339	NZD 1,798,513,082	(121,300,523)
30	PHP 30,034,374,000	USD 634,532,460	(3,561,814)
26	MYR 2,620,368,516	USD 743,080,638	16,502,773
13	USD 404,567,735	MXN 5,521,629,887	(13,954,357)
11	CNY 3,065,591,919	USD 455,753,485	(4,201,411)
10	SGD 54,440,259	USD 39,120,010	(418,135)
9	CHF 49,693,152	USD 48,190,316	(163,163)
8	SEK 3,604,751,000	EUR 347,825,949	6,800,380
7	NOK 2,420,621,000	EUR 279,155,540	12,418,981
6	ILS 338,647,700	USD 89,104,695	54,610
6	BRL 253,458,000	JPY 11,942,449,550	8,908,085
6	PLN 775,449,500	EUR 177,813,783	11,876,861
5	PEN 233,062,355	USD 76,242,986	4,236,985
5	MXN 3,113,759,430	USD 209,157,467	28,093,069
4	CNY 1,113,568,626	EUR 112,587,068	3,240,468
1	USD 13,323,275	AUD 19,588,730	(4,101,981)
1	PLN 2,721,335	USD 970,000	(24,117)
1	USD 1,305,425	SGD 1,818,000	12,999
1	USD 2,996,166	GBP 1,819,000	58,278
1	INR 510,000,000	NZD 14,808,362	251,623
1	RUB 659,612,520	EUR 14,082,519	1,123,072
1	KRW 59,910,000,000	USD 44,051,471	7,254,149
			80,655,933

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at December 31, 2009, the Company had entered into the following outstanding contracts:

Templeton Global Bond (Euro) Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) EUR
13	EUR 29,740,841	MXN 583,281,811	(857,125)
12	EUR 20,840,125	USD 29,505,799	221,457
10	EUR 12,982,449	NZD 28,708,724	(1,457,733)
8	EUR 13,763,633	PLN 58,860,728	(521,634)
7	EUR 14,095,851	IDR 220,714,018,136	(1,853,397)
4	EUR 9,289,832	BRL 26,351,765	(1,223,038)
3	EUR 10,725,315	KRW 19,122,684,920	(690,664)
2	EUR 515,253	AUD 1,034,767	(128,136)
1	MYR 4,100,000	EUR 820,328	8,421
1	CLP 575,000,000	EUR 754,593	40,118
1	SEK 24,284,109	EUR 2,191,707	181,218
			(6,280,513)

Templeton Global High Yield Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
41	USD 2,382,471	JPY 216,156,026	48,915
25	USD 909,139	NZD 1,368,149	(67,788)
11	USD 1,147,884	EUR 780,055	32,746
6	BRL 314,000	JPY 14,793,737	11,050
5	USD 143,249	MXN 1,951,662	(5,265)
3	CNY 666,258	EUR 67,436	1,802
2	MXN 1,676,662	USD 113,925	13,923
1	CNY 165,000	USD 25,006	(682)
1	USD 80,975	GBP 50,000	383
1	MYR 720,000	USD 201,635	7,031
			42,115

Templeton Global Income Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
39	USD 7,680,223	JPY 702,368,000	101,377
33	USD 9,132,893	NZD 14,099,722	(942,011)
31	MYR 39,126,023	USD 11,040,384	319,408
30	INR 92,026,000	USD 1,827,950	134,919
28	PHP 186,561,000	USD 3,938,579	(21,887)
23	CLP 1,917,550,000	USD 3,144,718	646,383
20	USD 9,892,379	SGD 14,981,500	(760,662)
17	SGD 14,981,500	USD 10,767,301	(114,260)
6	BRL 1,482,000	JPY 69,828,590	52,090
5	AUD 1,620,000	USD 1,414,260	(15,591)
5	CNY 20,091,016	USD 2,976,854	(15,412)
4	PEN 2,595,973	USD 853,100	43,372
4	SEK 48,158,723	EUR 4,583,766	172,231
3	USD 1,556,263	EUR 1,090,348	(4,197)
2	USD 542,311	MXN 7,379,000	(8,528)
1	USD 161,950	GBP 100,000	766
1	INR 3,500,000	NZD 101,626	1,727
1	RUB 15,705,060	EUR 335,298	26,740
1	NOK 2,555,000	USD 375,393	64,457
			(319,078)

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at December 31, 2009, the Company had entered into the following outstanding contracts:

Templeton Global Total Return Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
76	EUR 560,070,863	USD 827,345,737	(25,674,810)
49	INR 10,992,990,211	USD 221,487,566	11,558,361
46	USD 575,404,719	JPY 52,219,675,716	11,468,184
38	GBP 33,998,994	USD 54,442,147	470,027
37	CLP 89,428,858,000	USD 154,345,594	22,473,131
30	PHP 11,536,470,000	USD 243,560,540	(1,225,371)
29	USD 294,648,554	NZD 452,407,225	(28,668,592)
21	USD 411,100,631	EUR 283,402,185	5,762,673
20	PLN 115,703,848	USD 40,428,659	(126,018)
15	SGD 8,956,609	USD 6,428,203	(60,902)
14	SEK 2,910,405,073	EUR 271,270,282	18,869,015
12	USD 184,670,263	MXN 2,513,903,487	(6,350,811)
9	NOK 1,729,266,000	EUR 201,610,471	5,493,239
9	PLN 458,091,769	EUR 104,270,477	8,432,905
8	ILS 260,167,400	USD 68,727,501	(243,376)
8	CHF 2,675,316	USD 2,601,546	(15,922)
7	MYR 1,209,088,694	USD 329,560,629	22,863,627
6	BRL 67,671,000	JPY 3,188,526,934	2,378,373
5	PEN 158,809,756	USD 52,106,381	2,734,768
5	MXN 2,030,411,759	USD 134,943,158	19,654,933
4	CNY 326,302,109	EUR 33,018,697	897,786
3	USD 1,467,392	GBP 903,000	10,254
3	CNY 198,854,000	USD 28,276,711	870,939
2	BRL 25,239,660	USD 10,398,804	3,745,413
2	KRW 167,344,000,000	USD 126,967,198	16,129,333
1	USD 4,686,308	AUD 6,890,110	(1,442,825)
1	INR 35,000,000	NZD 1,016,260	17,268
1	USD 957,630	PLN 2,667,000	28,645
1	RUB 366,451,400	EUR 7,823,622	623,929
1	NOK 30,855,000	USD 4,533,367	778,402
			91,452,578

Templeton Growth (Euro) Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) EUR
3	EUR 944,395	USD 1,385,300	(23,501)
2	EUR 266,912	GBP 241,100	(5,062)
1	EUR 118,781	CHF 179,400	(2,362)
			(30,925)

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 4 — Forward foreign exchange contracts (continued)

As at December 31, 2009, the Company had entered into the following outstanding contracts:

Templeton Latin America Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
7	EUR 7,985,322	USD 11,652,300	(223,306)
4	PLN 2,963,179	USD 1,057,000	(27,057)
3	USD 75,455	PLN 215,000	725
2	EUR 7,669,426	BRL 20,135,500	(417,966)
2	USD 384,300	EUR 266,111	3,428
1	BRL 502,500	EUR 191,940	9,654
			(654,522)

Templeton U.S. Value Fund

Number of contracts	Purchases	Sales	Unrealised profit/(loss) USD
18	EUR 1,048,323	USD 1,536,940	(36,528)
1	USD 52,473	EUR 35,841	1,176
			(35,352)

CURRENCY ABBREVIATIONS

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

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 5 — Open positions on credit default swap contracts

As at December 31, 2009 the Company had entered into the following outstanding contracts:

Franklin Strategic Income Fund

Nominal	Description	Counterparty	Buy/Sell protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
3,300,000	LCDX.NA.13, Dec. 2014	Credit Suisse International	Sell	USD	93,390	93,390

Franklin U.S. Total Return Fund

Nominal	Description	Counterparty	Buy/Sell protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
198,000	CDX.NA.HY.13, Dec. 2014	Credit Suisse International	Sell	USD	(1,188)	(1,188)
300,000	LCDX.NA.13, Dec. 2014	Credit Suisse International	Sell	USD	8,490	8,490
						7,302

Note 6 — Open positions on interest rate swap contracts

As at December 31, 2009, the Company had entered into the following outstanding contracts:

Templeton Emerging Markets Bond Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
220,000,000	Receiving fixed rate 9.144%	Citigroup	3-Oct-18	MXN	1,043,623
	Paying floating rate MXN-TIIE-Banxico				
30,900,000	Receiving fixed rate 7.6973%	Citigroup	11-Jan-19	MXN	(80,380)
	Paying floating rate MXN-TIIE-Banxico				
40,300,000	Receiving fixed rate 7.666%	Citigroup	12-Jan-19	MXN	(110,561)
	Paying floating rate MXN-TIIE-Banxico				
26,900,000	Receiving fixed rate 7.835%	Citigroup	15-Jan-19	MXN	(51,004)
	Paying floating rate MXN-TIIE-Banxico				
34,900,000	Receiving fixed rate 7.869%	Citigroup	16-Jan-19	MXN	(60,304)
	Paying floating rate MXN-TIIE-Banxico				
408,600,000	Receiving fixed rate 9.30%	JPMorgan Chase Bank	20-Sep-28	MXN	1,549,311
	Paying floating rate MXN-TIIE-Banxico				
238,500,000	Receiving fixed rate 9.69%	JPMorgan Chase Bank	26-Sep-28	MXN	1,575,879
	Paying floating rate MXN-TIIE-Banxico				
					3,866,564

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

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

As at December 31, 2009 the Company had entered into the following outstanding contracts:

Templeton Global Bond Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
34,875,000,000	Receiving fixed rate 6.26%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	20-Feb-18	CLP	1,525,262
24,675,000,000	Receiving fixed rate 6.31%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	22-Feb-18	CLP	1,249,251
22,181,250,000	Receiving fixed rate 6.40%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	5-Mar-18	CLP	1,361,849
3,458,000,000	Receiving fixed rate 9.144%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	3-Oct-18	MXN	16,403,848
430,900,000	Receiving fixed rate 7.6973%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	11-Jan-19	MXN	(1,120,900)
562,100,000	Receiving fixed rate 7.666%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	12-Jan-19	MXN	(1,542,097)
374,700,000	Receiving fixed rate 7.835%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	15-Jan-19	MXN	(710,454)
487,100,000	Receiving fixed rate 7.869%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	16-Jan-19	MXN	(841,668)
118,110,000	Receiving fixed rate 8.00%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	18-Jan-19	MXN	(127,357)
590,530,000	Receiving fixed rate 8.07%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	22-Jan-19	MXN	(433,961)
286,875,000	Receiving fixed rate 8.6748%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	29-Nov-18	MXN	680,522
187,910,000	Receiving fixed rate 8.06%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	22-Jan-19	MXN	(147,538)
281,880,000	Receiving fixed rate 8.3167%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	9-Jan-29	MXN	(960,562)
53,790,000	Receiving fixed rate 5.3075%				
	Paying floating rate NZD-BBR-FRA	Citigroup	5-Dec-13	NZD	(144,509)
107,580,000	Receiving fixed rate 5.60%				
	Paying floating rate NZD-BBR-FRA	Citigroup	5-Dec-18	NZD	(2,539,176)
50,120,000	Receiving fixed rate 7.16%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	31-Jul-13	NZD	2,162,472
50,330,000	Receiving fixed rate 7.12%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	1-Aug-13	NZD	2,124,876
50,330,000	Receiving fixed rate 7.055%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	4-Aug-13	NZD	2,049,661
100,660,000	Receiving fixed rate 7.035%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	5-Aug-13	NZD	4,052,438
25,165,000	Receiving fixed rate 7.05%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	6-Aug-13	NZD	1,022,199
25,165,000	Receiving fixed rate 7.05%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	7-Aug-13	NZD	1,022,226
26,647,200	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	14-Aug-13	NZD	1,053,705
103,600,000	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	26-Aug-13	NZD	4,101,792
103,600,000	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	29-Aug-13	NZD	4,101,792
					34,343,671

Templeton Global Bond (Euro) Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) EUR
1,210,000	Receiving fixed rate 5.3075%				
	Paying floating rate NZD-BBR-FRA	Citigroup	5-Dec-13	NZD	(2,271)
2,420,000	Receiving fixed rate 5.60%				
	Paying floating rate NZD-BBR-FRA	Citigroup	5-Dec-18	NZD	(39,903)
					(42,174)

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

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

As at December 31, 2009 the Company had entered into the following outstanding contracts:

Templeton Global Total Return Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
50,000,000	Receiving fixed rate 6.34%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	12-Feb-18	CLP	2,646
10,575,000,000	Receiving fixed rate 6.31%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	22-Feb-18	CLP	535,393
7,393,750,000	Receiving fixed rate 6.40%				
	Paying floating rate TNA Indice Camara Promedio	JPMorgan Chase Bank	5-Mar-18	CLP	453,950
108,800,000	Receiving fixed rate 7.6973%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	11-Jan-19	MXN	(283,021)
141,900,000	Receiving fixed rate 7.666%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	12-Jan-19	MXN	(389,296)
94,600,000	Receiving fixed rate 7.835%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	15-Jan-19	MXN	(179,367)
123,000,000	Receiving fixed rate 7.869%				
	Paying floating rate MXN-TIIE-Banxico	Citigroup	16-Jan-19	MXN	(212,534)
985,000,000	Receiving fixed rate 9.16%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	27-Sep-18	MXN	4,755,450
406,400,000	Receiving fixed rate 9.30%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	20-Sep-28	MXN	1,540,969
907,700,000	Receiving fixed rate 9.50%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	21-Sep-28	MXN	4,753,053
401,000,000	Receiving fixed rate 9.78%				
	Paying floating rate MXN-TIIE-Banxico	JPMorgan Chase Bank	28-Sep-28	MXN	2,910,190
17,840,000	Receiving fixed rate 7.16%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	31-Jul-13	NZD	769,723
17,900,000	Receiving fixed rate 7.12%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	1-Aug-13	NZD	755,718
17,900,000	Receiving fixed rate 7.055%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	4-Aug-13	NZD	728,967
35,800,000	Receiving fixed rate 7.035%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	5-Aug-13	NZD	1,441,260
8,950,000	Receiving fixed rate 7.05%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	6-Aug-13	NZD	363,548
8,950,000	Receiving fixed rate 7.05%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	7-Aug-13	NZD	363,558
9,475,200	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	14-Aug-13	NZD	374,676
36,400,000	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	26-Aug-13	NZD	1,441,170
36,400,000	Receiving fixed rate 7.00%				
	Paying floating rate NZD-BBR-FRA	JPMorgan Chase Bank	29-Aug-13	NZD	1,441,170
					21,567,223

Note 7 — Open positions on futures contracts

As at December 31, 2009, the Company had entered into the following outstanding contracts:

Franklin U.S. Total Return Fund

Number of contracts	Description	Trading currency	Market value USD	Unrealised profit/(loss) USD
14	U.S. Long Bond, Mar. 2010	USD	1,615,250	(77,031)
23	U.S. Treasury Note 2 years, Mar. 2010	USD	4,974,109	(27,466)
6	U.S. Treasury Note 5 years, Mar. 2010	USD	686,297	(13,500)
5	U.S. Treasury Note 10 years, Mar. 2010	USD	577,266	(16,758)
				(134,755)

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 8 — Open positions on options contracts

As at December 31, 2009 the Company had entered into the following outstanding contracts:

Franklin Mutual Beacon Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Purchase	Abovetnet Inc., 10.475 Calls, Sep. 2013	USD	40	8,730	8,730
	Abovetnet Inc., 30 Calls, Sep. 2018	USD	9	1,261	1,261
				<u>9,991</u>	<u>9,991</u>

Franklin Mutual Global Discovery Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Sales	British American Tobacco Plc, 18 Calls, Mar. 2010	GBP	(240,000)	(664,101)	(40,015)
	Groupe Danone, 37.74 Calls, Jun. 2010	EUR	(82,000)	(622,425)	(79,599)
	Imperial Tobacco Group Plc, 17 Calls, Mar. 2010	GBP	(125,000)	(441,428)	(214,231)
	Koninklijke KPN NV, 10 Calls, Jun. 2010	EUR	(205,000)	(493,837)	(151,971)
	Microsoft Corp., 26 Calls, Jan. 2010	USD	(398)	(181,090)	(123,923)
	Royal Dutch Shell, 19 Calls, Jun. 2010	EUR	(190,000)	(605,037)	(109,120)
	Total SA, 40 Calls, Jun. 2010	EUR	(108,000)	(854,522)	(372,630)
				<u>(3,862,440)</u>	<u>(1,091,489)</u>

Franklin Templeton Global Fundamental Strategies Fund

Purchase/Sale position	Description	Trading currency	Number of contracts purchased/(sold)	Market value USD	Unrealised profit/(loss) USD
Sale	Microsoft Corp., 26 Calls, Jan. 2010	USD	(83)	(37,765)	(25,843)
				<u>(37,765)</u>	<u>(25,843)</u>

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 9 — Securities lending

As at December 31, 2009, the Fund was not involved in any loan program.

Note 10 — Taxation

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

The Company is liable in the Grand-Duchy of Luxembourg to a tax of 0.05% per annum, such tax being accrued monthly and paid quarterly, and calculated on the net asset value of each Fund at the end of each relevant quarter (except the Templeton Euro Liquid Reserve Fund, the Templeton Euro Money Market 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, 2009.

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.

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

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

Franklin Templeton Investment Funds	Base 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																						
		GBP																					
Franklin European Small-Mid Cap Growth Fund	EUR																						
		GBP																					
		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																					
		EUR (H2)																					
		PLN (H1)																					
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. Opportunities Fund	USD																						
		EUR																					
		GBP																					
		SGD																					
		EUR (H1)																					
		PLN (H1)																					
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																					
		CHF (H1)																					
		EUR (H2)																					
Franklin Templeton Global Equity Strategies Fund	USD																						
		EUR																					
		EUR (H1)																					
Franklin Templeton Global Fundamental Strategies Fund	USD																						
		EUR																					
		EUR (H1)																					
		PLN (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)																					
		EUR (H2)																					
		PLN (H1)																					
Templeton Asian Smaller Companies Fund	USD																						
		EUR																					
		GBP																					
		SGD																					

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

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

Franklin Templeton Investment Funds	Base 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)	✓													✓						
			PLN (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 Government Bond Fund	EUR							✓									✓						✓
Templeton Euro Liquid Reserve Fund	EUR							✓									✓						✓
Templeton Euro Money Market Fund*	EUR							✓									✓						✓
Templeton Euroland Fund	EUR							✓					✓	✓			✓				✓	✓	✓
		USD							✓														✓
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 Balanced Fund	USD			✓				✓															✓
		EUR		✓																			✓
		SGD		✓																			✓
			EUR (H1)	✓																			✓
Templeton Global Bond Fund	USD			✓	✓			✓		✓				✓			✓			✓	✓	✓	✓
		EUR		✓	✓												✓			✓	✓	✓	✓
		GBP		✓	✓															✓	✓	✓	✓
		SGD		✓	✓																		✓
			EUR (H1)	✓	✓																		✓
			CHF (H1)	✓	✓																		✓
			GBP (H1)	✓	✓																		✓
			PLN (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		✓	✓																		✓
			CHF (H1)	✓	✓																		✓
			EUR (H1)	✓	✓												✓						✓
			GBP (H1)	✓	✓																		✓
			PLN (H1)	✓	✓																		✓
			SGD (H1)	✓	✓																		✓
Templeton Growth (Euro) Fund	EUR			✓				✓					✓	✓			✓				✓	✓	✓
		USD		✓				✓															✓
			EUR (H2)	✓																			✓
Templeton Korea Fund	USD			✓										✓			✓						✓
		SGD		✓																			✓
Templeton Latin America Fund	USD			✓				✓		✓				✓			✓						✓
		EUR		✓					✓														✓
		GBP		✓					✓														✓
		SGD		✓																			✓
			EUR (H2)	✓																			✓
			PLN (H1)	✓																			✓
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, 2009 (CONTINUED)

Note 14 — Soft commission

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

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

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

Note 15 — Connected party transactions

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

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

There are no connected brokers in Franklin Templeton Investments, and no transactions were entered into with connected brokers during the period ended December 31, 2009.

The Company paid the following fees to Franklin Templeton International Services S.A. as the Registrar and Transfer, Corporate, Domiciliary and Administrative Agent for the period ended December 31, 2009:

▶ Administration and Transfer Agency Fees	USD	63,477,779
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The Company paid the following fees to Templeton Global Advisors Limited as the Principal Distributor of the Funds for the period ended December 31, 2009:

▶ Maintenance and Distribution charge	USD	121,675,538
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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, 2009:

▶ Servicing charge	USD	19,101,600
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Note 16 — Expenses reimbursement

For the period ended December 31, 2009, the following expenses will be reimbursed in the first instance by the Administrative Agent “Franklin Templeton International Services S.A.” and in the event that the expense exceeds the Administration fee, they will be reimbursed by the Fund’s Investment Managers as detailed on pages 3 and 4.

Fund	Currency	Amount in Fund Currency	Fund*	Class	Currency	Amount in Fund currency
Franklin Asian Flex Cap Fund	USD	15,950	Franklin Biotechnology Discovery Fund	I (Acc)	USD	98
Franklin Global Real Estate (Euro) Fund	EUR	62	Franklin Euroland Core Fund	I (Acc)	EUR	1,395
Franklin Global Real Estate (USD) Fund	USD	440	Franklin Euroland Core Fund	I (Acc)	USD	1,387
Franklin India Fund	USD	44,789	Franklin European Small-Mid Cap Growth Fund	I (Acc) USD	EUR	15
Franklin Strategic Income Fund	USD	99,221	Franklin Global Growth Fund	I (Acc)	USD	11
Franklin Technology Fund	USD	2,966	Franklin High Yield Fund	I (Acc)	USD	27,128
Franklin U.S. Total Return Fund	USD	32,577	Franklin High Yield Fund	I (Dis)	USD	33,102
Franklin U.S. Ultra Short Bond Fund	USD	61,853	Franklin High Yield (Euro) Fund	I (Mdis)	EUR	32
Franklin Mutual Beacon Fund	USD	835	Franklin U.S. Government Fund	I (Acc)	USD	11,574
Franklin Mutual Global Discovery Fund	USD	143	Franklin U.S. Government Fund	I (Dis)	USD	254,517
Franklin Templeton Global Fundamental Strategies Fund	USD	20	Franklin Mutual Euroland Fund	I (Acc)	USD	34
Franklin Templeton Japan Fund	JPY	14,139	Templeton China Fund	I (Acc)	USD	2,893
Templeton Asian Bond Fund	USD	87,898	Templeton Emerging Markets Fund	I (Acc)	USD	37,529
Templeton Asian Growth Fund	USD	443,180	Templeton Emerging Markets Bond Fund	I (Acc)	USD	6,921
Templeton BRIC Fund	USD	298,210	Templeton Emerging Markets Bond Fund	I (Dis)	USD	746
Templeton Eastern Europe Fund	EUR	7,856	Templeton Global Smaller Companies Fund	I (Acc)	USD	109
Templeton Emerging Markets Smaller Companies Fund	USD	43,019	Templeton Korea Fund	I (Acc)	USD	735
Templeton Euro Money Market Fund	EUR	15,269	Templeton Latin America Fund	I (Acc)	USD	126,166
Templeton European Total Return Fund	EUR	122,109	Templeton Thailand Fund	I (Acc)	USD	919
Templeton Frontier Markets Fund	USD	3,598				
Templeton Global Balanced Fund	USD	2,197				
Templeton Global Bond Fund	USD	118,905				
Templeton Global Bond (Euro) Fund	EUR	58,959				
Templeton Global Equity Income Fund	USD	224,185				
Templeton Global Income Fund	USD	126,199				
Templeton Global Total Return Fund	USD	919,193				

*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, 2009. The total expenses comprise the investment management fees, the administration and transfer agency fees, the custodian fees and other expenses as summarised in the Statement of Operations and Changes in Net Assets.

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 18 — Annual and interim dividends distributed for the period ended December 31, 2009

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

	A (Mdis) USD	A (Qdis) USD	A (Ydis) USD	A (Mdis) EUR	A (Qdis) EUR	A (Ydis) EUR	A (Mdis) GBP	A (Ydis) GBP	A (Mdis) SGD	A (Qdis) SGD	A (Mdis) EUR (H1)	A (Mdis) GBP (H1)	A (Mdis) SGD (H1)	B (Mdis) USD
Franklin Asian Flex Cap Fund														
Jul-09	-	-	0.057	-	-	-	-	0.033	-	-	-	-	-	-
Franklin Global Real Estate (Euro) Fund														
Jul-09	-	-	-	-	-	0.255	-	-	-	-	-	-	-	-
Franklin Global Real Estate (USD) Fund														
Jul-09	-	0.040	-	-	-	-	-	-	-	0.033	-	-	-	-
Oct-09	-	0.028	-	-	-	-	-	-	-	0.022	-	-	-	-
Franklin High Yield Fund														
Jul-09	0.036	-	-	-	-	-	-	-	-	-	-	-	0.046	0.030
Aug-09	0.034	-	-	-	-	-	-	-	-	-	-	-	0.044	0.028
Sep-09	0.034	-	-	-	-	-	-	-	-	-	-	-	0.043	0.026
Oct-09	0.035	-	-	-	-	-	-	-	-	-	-	-	0.043	0.028
Nov-09	0.037	-	-	-	-	-	-	-	-	-	-	-	0.046	0.030
Dec-09	0.042	-	-	-	-	-	-	-	-	-	-	-	0.053	0.035
Franklin High Yield (Euro) Fund														
Jul-09	-	-	-	0.033	-	0.494	-	-	-	-	-	-	-	-
Aug-09	-	-	-	0.041	-	-	-	-	-	-	-	-	-	-
Sep-09	-	-	-	0.027	-	-	-	-	-	-	-	-	-	-
Oct-09	-	-	-	0.027	-	-	-	-	-	-	-	-	-	-
Nov-09	-	-	-	0.030	-	-	-	-	-	-	-	-	-	-
Dec-09	-	-	-	0.032	-	-	-	-	-	-	-	-	-	-
Franklin Income Fund														
Jul-09	0.044	-	-	-	-	-	-	-	-	-	-	-	0.032	0.034
Aug-09	0.044	-	-	-	-	-	-	-	-	-	-	-	0.032	0.034
Sep-09	0.044	-	-	-	-	-	-	-	-	-	-	-	0.032	0.034
Oct-09	0.040	-	-	-	-	-	-	-	-	-	-	-	0.027	0.024
Nov-09	0.040	-	-	-	-	-	-	-	-	-	-	-	0.028	0.028
Dec-09	0.045	-	-	-	-	-	-	-	-	-	-	-	0.035	0.035
Franklin India Fund														
Jul-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Franklin MENA Fund														
Jul-09	-	-	0.081	-	-	0.089	-	0.052	-	-	-	-	-	-
Franklin Strategic Income Fund														
Jul-09	0.035	-	-	0.026	-	-	-	-	-	-	-	-	-	0.027
Aug-09	0.035	-	-	0.024	-	-	-	-	-	-	-	-	-	0.025
Sep-09	0.037	-	-	0.025	-	-	-	-	-	-	-	-	-	0.026
Oct-09	0.036	-	-	0.025	-	-	-	-	-	-	-	-	-	0.026
Nov-09	0.040	-	-	0.027	-	-	-	-	-	-	-	-	-	0.030
Dec-09	0.043	-	-	0.028	-	-	-	-	-	-	-	-	-	0.032
Franklin U.S. Government Fund														
Jul-09	0.027	-	-	-	-	-	-	-	-	-	-	-	0.020	0.015
Aug-09	0.027	-	-	-	-	-	-	-	-	-	-	-	0.020	0.015
Sep-09	0.027	-	-	-	-	-	-	-	-	-	-	-	0.020	0.015
Oct-09	0.027	-	-	-	-	-	-	-	-	-	-	-	0.020	0.015
Nov-09	0.027	-	-	-	-	-	-	-	-	-	-	-	0.020	0.015
Dec-09	0.027	-	-	-	-	-	-	-	-	-	-	-	0.020	0.015
Franklin U.S. Total Return Fund														
Jul-09	0.034	-	-	-	-	-	-	-	-	-	-	-	-	0.024
Aug-09	0.032	-	-	-	-	-	-	-	-	-	-	-	-	0.021
Sep-09	0.028	-	-	-	-	-	-	-	-	-	-	-	-	0.015
Oct-09	0.023	-	-	-	-	-	-	-	-	-	-	-	-	0.012
Nov-09	0.023	-	-	-	-	-	-	-	-	-	-	-	-	0.011
Dec-09	0.026	-	-	-	-	-	-	-	-	-	-	-	-	0.015
Franklin U.S. Ultra Short Bond Fund														
Jul-09	0.015	-	-	-	-	-	-	-	-	-	-	-	-	0.006
Aug-09	0.014	-	-	-	-	-	-	-	-	-	-	-	-	0.004
Sep-09	0.013	-	-	-	-	-	-	-	-	-	-	-	-	0.004
Oct-09	0.015	-	-	-	-	-	-	-	-	-	-	-	-	0.005
Nov-09	0.012	-	-	-	-	-	-	-	-	-	-	-	-	0.003
Dec-09	0.011	-	-	-	-	-	-	-	-	-	-	-	-	0.001

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 18 — Annual and interim dividends distributed for the period ended December 31, 2009 (continued)

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

B (Qdis) USD	B (Mdis) EUR	B (Ydis) EUR	C (Mdis) USD	C (Qdis) USD	C (Ydis) USD	I (Mdis) USD	I (Qdis) USD	I (Ydis) USD	I (Mdis) CHF	I (Mdis) EUR	I (Ydis) EUR	I (Qdis) JPY	I (Mdis) GBP	I (Ydis) GBP	I (Mdis) GBP (H1)	N (Mdis) USD	N (Qdis) USD	N (Mdis) EUR	N (Mdis) EUR (H1)
-	-	-	-	-	-	-	-	0.141	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.235	-	-	-	-	-	-	-	-
0.025	-	-	-	0.034	-	-	0.054	-	-	-	-	-	-	-	-	-	0.031	-	-
0.009	-	-	-	0.020	-	-	0.040	-	-	-	-	-	-	-	-	-	0.017	-	-
-	-	-	-	-	-	0.063	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	0.060	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	0.059	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	0.061	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	0.061	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	0.074	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	0.049	0.803	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	0.058	-	-	-	-	-	-	-	-	-
-	0.035	-	-	-	-	-	-	-	-	0.044	-	-	-	-	-	-	-	-	-
-	0.062	-	-	-	-	-	-	-	-	0.046	-	-	-	-	-	-	-	-	-
-	0.069	-	-	-	-	-	-	-	-	0.050	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	0.052	-	-	-	-	-	-	-	-	-
-	-	-	0.052	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.052	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.052	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.042	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.046	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.055	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.037	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	0.142	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.032	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	0.036	-	-	-	-	-	-	-	-	-	0.017	-	-	-
-	-	-	-	-	-	0.036	-	-	-	-	-	-	-	-	-	0.017	-	-	-
-	-	-	-	-	-	0.036	-	-	-	-	-	-	-	-	-	0.017	-	-	-
-	-	-	-	-	-	0.036	-	-	-	-	-	-	-	-	-	0.017	-	-	-
-	-	-	-	-	-	0.036	-	-	-	-	-	-	-	-	-	0.017	-	-	-
-	-	-	-	-	-	0.036	-	-	-	-	-	-	-	-	-	0.025	-	-	-
-	-	-	0.026	-	-	0.039	-	-	-	-	-	-	-	-	-	0.029	-	-	-
-	-	-	0.024	-	-	0.037	-	-	-	-	-	-	-	-	-	0.026	-	-	-
-	-	-	0.020	-	-	0.030	-	-	-	-	-	-	-	-	-	0.023	-	-	-
-	-	-	0.016	-	-	0.026	-	-	-	-	-	-	-	-	-	0.018	-	-	-
-	-	-	0.014	-	-	0.027	-	-	-	-	-	-	-	-	-	0.017	-	-	-
-	-	-	0.018	-	-	0.031	-	-	-	-	-	-	-	-	-	0.022	-	-	-
-	-	-	0.008	-	-	-	-	-	-	-	-	-	-	-	-	0.009	-	-	-
-	-	-	0.006	-	-	-	-	-	-	-	-	-	-	-	-	0.008	-	-	-
-	-	-	0.006	-	-	-	-	-	-	-	-	-	-	-	-	0.008	-	-	-
-	-	-	0.008	-	-	-	-	-	-	-	-	-	-	-	-	0.009	-	-	-
-	-	-	0.005	-	-	-	-	-	-	-	-	-	-	-	-	0.006	-	-	-
-	-	-	0.003	-	-	-	-	-	-	-	-	-	-	-	-	0.006	-	-	-

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 18 — Annual and interim dividends distributed for the period ended December 31, 2009 (continued)

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

	A (Mdis) USD	A (Qdis) USD	A (Ydis) USD	A (Mdis) EUR	A (Qdis) EUR	A (Ydis) EUR	A (Mdis) GBP	A (Ydis) GBP	A (Mdis) SGD	A (Qdis) SGD	A (Mdis) EUR (H1)	A (Mdis) GBP (H1)	A (Mdis) SGD (H1)	B (Mdis) USD
Franklin World Perspectives Fund														
Jul-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec-09	-	-	-	-	-	-	-	0.001	-	-	-	-	-	-
Franklin Mutual European Fund														
Jul-09	-	-	-	-	-	0.161	-	0.137	-	-	-	-	-	-
Franklin Mutual Global Discovery Fund														
Jul-09	-	-	-	-	-	0.010	-	0.008	-	-	-	-	-	-
Franklin Templeton Global Fundamental Strategies Fund														
Jul-09	-	-	0.074	-	-	0.054	-	-	-	-	-	-	-	-
Templeton Asian Bond Fund														
Jul-09	0.046	-	-	0.033	-	-	-	-	0.039	-	-	-	-	0.032
Aug-09	0.061	-	-	0.042	-	-	-	-	0.049	-	-	-	-	0.045
Sep-09	0.059	-	-	0.041	-	-	-	-	0.047	-	-	-	-	0.044
Oct-09	0.059	-	-	0.041	-	-	-	-	0.046	-	-	-	-	0.045
Nov-09	0.043	-	-	0.029	-	-	-	-	0.033	-	-	-	-	0.026
Dec-09	0.032	-	-	0.021	-	-	-	-	0.023	-	-	-	-	0.016
Templeton Asian Growth Fund														
Jul-09	-	-	0.250	-	-	0.178	-	0.152	-	-	-	-	-	-
Templeton Asian Smaller Companies Fund														
Jul-09	-	-	0.054	-	-	-	-	0.056	-	-	-	-	-	-
Templeton BRIC Fund														
Jul-09	-	-	-	-	-	0.121	-	0.100	-	-	-	-	-	-
Templeton China Fund														
Jul-09	-	-	-	-	-	0.177	-	0.147	-	-	-	-	-	-
Templeton Emerging Markets Fund														
Jul-09	-	-	0.272	-	-	-	-	-	-	-	-	-	-	-
Templeton Emerging Markets Bond Fund														
Jul-09	-	0.238	-	-	0.170	-	-	-	-	-	-	-	-	-
Aug-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sep-09	0.039	-	-	-	-	-	-	-	-	-	-	-	-	0.039
Oct-09	0.067	0.274	-	-	0.183	-	-	-	-	-	-	-	-	0.066
Nov-09	0.065	-	-	-	-	-	-	-	-	-	-	-	-	0.065
Dec-09	0.039	-	-	-	-	-	-	-	-	-	-	-	-	0.033
Templeton Emerging Markets Smaller Companies Fund														
Jul-09	-	-	0.079	-	-	-	-	0.100	-	-	-	-	-	-
Templeton Euro Government Bond Fund														
Jul-09	-	-	-	-	-	0.294	-	-	-	-	-	-	-	-
Templeton Euro Liquid Reserve Fund														
Jul-09	-	-	-	-	-	0.136	-	-	-	-	-	-	-	-
Templeton Euroland Fund														
Jul-09	-	-	-	-	-	0.235	-	-	-	-	-	-	-	-
Templeton European Fund														
Jul-09	-	-	0.306	-	-	0.217	-	-	-	-	-	-	-	-
Templeton European Total Return Fund														
Jul-09	0.039	-	-	0.028	-	0.385	-	-	-	-	-	-	-	-
Aug-09	0.046	-	-	0.032	-	-	-	-	-	-	-	-	-	-
Sep-09	0.004	-	-	0.003	-	-	-	-	-	-	-	-	-	-
Oct-09	0.036	-	-	0.025	-	-	-	-	-	-	-	-	-	-
Nov-09	0.038	-	-	0.026	-	-	-	-	-	-	-	-	-	-
Dec-09	0.042	-	-	0.027	-	-	-	-	-	-	-	-	-	-
Templeton Frontier Markets Fund														
Jul-09	-	-	0.055	-	-	-	-	0.058	-	-	-	-	-	-
Templeton Global Fund														
Jul-09	-	-	0.180	-	-	-	-	-	-	-	-	-	-	-
Templeton Global (Euro) Fund														
Jul-09	-	-	-	-	-	0.086	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 18 — Annual and interim dividends distributed for the period ended December 31, 2009 (continued)

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

B (Qdis) USD	B (Mdis) EUR	B (Ydis) EUR	C (Mdis) USD	C (Qdis) USD	C (Ydis) USD	I (Mdis) USD	I (Qdis) USD	I (Ydis) USD	I (Mdis) CHF	I (Mdis) EUR	I (Ydis) EUR	I (Qdis) JPY	I (Mdis) GBP	I (Ydis) GBP	I (Mdis) GBP (H1)	N (Mdis) USD	N (Qdis) USD	N (Mdis) EUR	N (Mdis) EUR (H1)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.056	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	0.026	-	-	-	-	-	-	-	-	0.239	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.089	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.039	-	-	-	-	-	-	0.038	-	-	-	-	-	0.040	-	-	-
-	-	-	0.052	-	-	-	-	-	-	0.048	-	-	-	-	-	0.053	-	-	-
-	-	-	0.051	-	-	-	-	-	-	0.047	-	-	-	-	-	0.052	-	-	-
-	-	-	0.051	-	-	-	-	-	-	0.046	-	-	-	-	-	0.052	-	-	-
-	-	-	0.033	-	-	-	-	-	-	0.034	-	-	-	-	-	0.035	-	-	-
-	-	-	0.023	-	-	-	-	-	-	0.025	-	-	-	-	-	0.024	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.149	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	0.168	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.168	-	-	-	-	-	-	0.215	-	-	-	-	-	-	-	-	-	-	-	-
0.194	-	-	-	-	-	-	0.238	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	0.032	-	-	-	-	-	-	-	-	0.294	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.025	-	-	-	-	-	-	0.030	0.422	-	-	-	-	-	-	0.026	-
-	-	-	0.030	-	-	-	-	-	-	0.036	-	-	-	-	-	-	-	0.031	-
-	-	-	-	-	-	-	-	-	-	0.005	-	-	-	-	-	-	-	-	-
-	-	-	0.019	-	-	-	-	-	-	0.028	-	-	-	-	-	-	-	0.022	-
-	-	-	0.022	-	-	-	-	-	-	0.029	-	-	-	-	-	-	-	0.023	-
-	-	-	0.025	-	-	-	-	-	-	0.030	-	-	-	-	-	-	-	0.025	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.134	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 18 — Annual and interim dividends distributed for the period ended December 31, 2009 (continued)

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

	A (Mdis) USD	A (Qdis) USD	A (Ydis) USD	A (Mdis) EUR	A (Qdis) EUR	A (Ydis) EUR	A (Mdis) GBP	A (Ydis) GBP	A (Mdis) SGD	A (Qdis) SGD	A (Mdis) EUR (H1)	A (Mdis) GBP (H1)	A (Mdis) SGD (H1)	B (Mdis) USD
Templeton Global Balanced Fund														
Jul-09	-	0.116	-	-	-	-	-	-	-	-	-	-	-	-
Oct-09	-	0.050	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Global Bond Fund														
Jul-09	0.081	-	-	0.058	-	0.470	0.049	-	0.052	-	0.053	0.038	0.052	0.063
Aug-09	0.076	-	-	0.054	-	-	0.046	-	0.048	-	0.050	0.037	0.047	0.056
Sep-09	0.073	-	-	0.050	-	-	0.045	-	0.046	-	0.046	0.036	0.044	0.053
Oct-09	0.071	-	-	0.049	-	-	0.044	-	0.043	-	0.045	0.036	0.045	0.050
Nov-09	0.066	-	-	0.045	-	-	0.041	-	0.042	-	0.044	0.032	0.040	0.045
Dec-09	0.151	-	-	0.116	-	-	0.083	-	0.045	-	0.050	0.046	0.047	0.201
Templeton Global Bond (Euro) Fund														
Jul-09	-	-	-	-	-	0.520	-	-	-	-	-	-	-	-
Templeton Global Equity Income Fund														
Jul-09	-	0.098	-	-	-	-	-	-	-	0.069	-	-	-	-
Oct-09	-	0.045	-	-	-	-	-	-	-	0.030	-	-	-	-
Templeton Global High Yield Fund														
Jul-09	0.046	-	-	0.033	-	-	0.029	-	-	-	-	-	-	-
Aug-09	0.049	-	-	0.031	-	-	0.026	-	-	-	-	-	-	-
Sep-09	0.045	-	-	0.032	-	-	0.028	-	-	-	-	-	-	-
Oct-09	0.044	-	-	0.030	-	-	0.027	-	-	-	-	-	-	-
Nov-09	0.047	-	-	0.031	-	-	0.029	-	-	-	-	-	-	-
Dec-09	0.050	-	-	0.033	-	-	0.030	-	-	-	-	-	-	-
Templeton Global Income Fund														
Jul-09	-	0.163	-	-	-	-	-	-	-	-	-	-	-	-
Oct-09	-	0.105	-	-	-	-	-	-	-	-	-	-	-	-
Templeton Global Smaller Companies Fund														
Jul-09	-	-	0.234	-	-	-	-	-	-	-	-	-	-	-
Templeton Global Total Return Fund														
Jul-09	0.081	-	-	0.058	-	0.547	0.050	-	0.059	-	0.052	0.037	-	0.065
Aug-09	0.080	-	-	0.057	-	-	0.047	-	0.058	-	0.051	0.037	-	0.062
Sep-09	0.074	-	-	0.053	-	-	0.046	-	0.054	-	0.048	0.028	-	0.057
Oct-09	0.085	-	-	0.058	-	-	0.053	-	0.060	-	0.053	0.033	-	0.067
Nov-09	0.078	-	-	0.053	-	-	0.048	-	0.056	-	0.050	0.037	0.050	0.059
Dec-09	0.192	-	-	0.107	-	0.063	0.110	-	0.087	-	0.069	0.164	0.058	0.182
Templeton Growth (Euro) Fund														
Jul-09	-	-	0.110	-	-	0.078	-	-	-	-	-	-	-	-
Templeton Latin America Fund														
Jul-09	-	-	0.453	-	-	0.322	-	0.277	-	-	-	-	-	-
Templeton U.S. Value Fund														
Jul-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 18 — Annual and interim dividends distributed for the period ended December 31, 2009 (continued)

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

B (Qdis) USD	B (Mdis) EUR	B (Ydis) EUR	C (Mdis) USD	C (Qdis) USD	C (Ydis) USD	I (Mdis) USD	I (Qdis) USD	I (Ydis) USD	I (Mdis) CHF	I (Mdis) EUR	I (Ydis) EUR	I (Qdis) JPY	I (Mdis) GBP	I (Ydis) GBP	I (Mdis) GBP (H1)	N (Mdis) USD	N (Qdis) USD	N (Mdis) EUR	N (Mdis) EUR (H1)
-	-	-	-	0.056	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	0.015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.054	-	-	-	-	-	-	0.054	0.445	-	-	-	-	-	-	-	0.055
-	-	-	0.050	-	-	-	-	-	-	0.050	-	-	-	-	-	-	-	-	0.053
-	-	-	0.047	-	-	-	-	-	-	0.047	-	-	0.024	-	0.046	-	-	-	0.046
-	-	-	0.045	-	-	-	-	-	-	0.045	-	-	0.046	-	0.045	-	-	-	0.045
-	-	-	0.042	-	-	-	-	-	-	0.043	-	-	0.044	-	0.042	-	-	-	0.042
-	-	-	0.107	-	-	-	-	-	-	0.121	0.053	-	0.047	-	0.045	-	-	-	0.050
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.076	-	-	-	0.087	-	-	-	-	-	-	-	11,050	-	-	-	-	-	-	-
0.018	-	-	-	0.031	-	-	-	-	-	-	-	5,433	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.131	-	-	-	0.147	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.072	-	-	-	0.090	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	0.048	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.067	-	-	-	-	-	0.093	0.062	0.456	-	-	-	-	-	-	-	0.055
-	-	-	0.066	-	-	-	-	-	0.089	0.059	-	-	-	-	-	-	-	-	0.055
-	-	-	0.059	-	-	-	-	-	0.084	0.055	-	-	0.057	-	0.029	-	-	-	0.049
-	-	-	0.070	-	-	-	-	-	0.093	0.061	-	-	0.066	-	0.065	-	-	-	0.058
-	-	-	0.063	-	-	-	-	-	0.085	0.056	-	-	0.060	-	0.058	-	-	-	0.051
-	-	-	0.125	-	-	-	-	-	0.217	0.200	0.132	-	0.066	-	0.063	-	-	-	0.069
-	-	-	-	-	-	-	-	0.204	-	-	0.139	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.029	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2009 (CONTINUED)

Note 19 — Time deposits and cash repurchase agreements

As at December 31, 2009, the Company had the following cash on time deposit and repos held with highly rated financial institutions:

TIME DEPOSITS

SubFund	Currency	Amount	SubFund	Currency	Amount
Franklin Euroland Core Fund	EUR	300,000	Templeton Emerging Markets Fund	USD	64,300,000
Franklin European Growth Fund	EUR	13,900,000	Templeton Emerging Markets Bond Fund	USD	276,800,000
Franklin European Small-Mid Cap Growth Fund	EUR	12,990,000	Templeton Euro Government Bond Fund	EUR	890,000
Franklin Global Growth Fund	USD	1,980,000	Templeton Euro Liquid Reserve Fund	EUR	14,745,000
Franklin Global Real Estate (USD) Fund	USD	2,600,000	Templeton Euro Money Market Fund	EUR	1,780,000
Franklin Global Small-Mid Cap Growth Fund	USD	260,000	Templeton Euroland Fund	EUR	3,950,000
Franklin High Yield (Euro) Fund	EUR	35,000,000	Templeton European Fund	EUR	2,760,000
Franklin India Fund	USD	23,680,000	Templeton European Total Return Fund	EUR	3,560,000
Franklin MENA Fund	USD	890,000	Templeton Global Fund	USD	29,600,000
Franklin World Perspectives Fund	USD	1,200,000	Templeton Global (Euro) Fund	EUR	11,220,000
Franklin Mutual European Fund	EUR	155,606,440	Templeton Global Balanced Fund	USD	38,780,000
Franklin Mutual Global Discovery Fund	USD	11,468,000	Templeton Global Bond Fund	USD	819,750,000
Franklin Templeton Global Equity Strategies Fund	USD	5,500,000	Templeton Global Bond (Euro) Fund	EUR	43,640,000
Franklin Templeton Global Growth and Value Fund	USD	2,690,000	Templeton Global Equity Income Fund	USD	4,650,000
Templeton Asian Bond Fund	USD	69,200,000	Templeton Global Income Fund	USD	16,290,000
Templeton Asian Growth Fund	USD	198,630,000	Templeton Global Smaller Companies Fund	USD	6,970,000
Templeton BRIC Fund	USD	78,300,000	Templeton Growth (Euro) Fund	EUR	190,251,831
Templeton China Fund	USD	17,900,000	Templeton Korea Fund	USD	1,750,000
Templeton Eastern Europe Fund	EUR	18,355,000	Templeton Latin America Fund	USD	81,830,000

As at December 31, 2009, the Company had no outstanding cash repos.

Note 20 — Audited and unaudited semi-annual reports

The abridged audited annual reports will be distributed to all December 31 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, 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, 2009.

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

Note 23 — Global Credit Facility

Effective January 23, 2009, the Company, together with other European and U.S. registered investment funds managed by Franklin Templeton Investments (individually, “Borrower”; collectively “Borrowers”), entered into a joint syndicated senior unsecured credit facility totaling USD725 million (Global Credit Facility) to provide a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Company shall, in addition to interest charged on any borrowings made by the Company and other costs incurred by the Company, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee based upon the unused portion of the Global Credit Facility.

During the period ended December 31, 2009, the Company did not utilize the Global Credit Facility.

FRANKLIN TEMPLETON INVESTMENTS OFFICE DIRECTORY

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

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



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