

DECEMBER 31, 2010

R.C.S. B35177



# FRANKLIN TEMPLETON INVESTMENT FUNDS

SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE



FRANKLIN TEMPLETON  
INVESTMENTS



# FRANKLIN TEMPLETON INVESTMENT FUNDS

## société d'investissement à capital variable

### UNAUDITED SEMI-ANNUAL REPORT FOR THE PERIOD ENDED DECEMBER 31, 2010

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

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

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

## GENERAL INFORMATION (AS AT DECEMBER 31, 2010)

### BOARD OF DIRECTORS

#### Chairman

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

#### Directors

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

*Dr J. B. Mark Mobius*  
Executive Chairman  
TEMPLETON'S EMERGING MARKETS GROUP  
7 Temasek Boulevard, # 38-03 Suntec Tower One  
Singapore 038987

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

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

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

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

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

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

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

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

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

### CONDUCTING OFFICERS:

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

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

### REGISTERED OFFICE:

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

### PRINCIPAL DISTRIBUTOR:

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

### INVESTMENT MANAGERS:

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

Franklin Templeton Investment Management Limited manages the following Funds:

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

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

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

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

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

### TEMPLETON ASSET MANAGEMENT LIMITED

7 Temasek Boulevard  
# 38-03 Suntec Tower One  
Singapore 038987

Templeton Asset Management Limited manages the following Funds:

Franklin Templeton Global Equity Strategies Fund\*;  
Templeton Asian Growth Fund;  
Templeton Asian Smaller Companies Fund;  
Templeton BRIC Fund;  
Templeton China Fund;  
Templeton Eastern Europe Fund;  
Templeton Emerging Markets Fund;  
Templeton Emerging Markets 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 Gold and Precious Metals Fund;  
Franklin High Yield Fund;  
Franklin Income Fund;  
Franklin India Fund;  
Franklin MENA Fund;  
Franklin Natural Resources Fund;  
Franklin Real Return Fund;  
Franklin Strategic Income Fund;  
Franklin Technology Fund;  
Franklin Templeton Global Equity Strategies Fund\*\*;  
Franklin Templeton Global Fundamental Strategies Fund‡;  
Franklin World Perspectives Fund§;  
Franklin U.S. Dollar Liquid Reserve Fund;  
Franklin U.S. Equity Fund;

## GENERAL INFORMATION (AS AT DECEMBER 31, 2010)

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

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

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

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

‡ Franklin Advisers, Inc. has been appointed as Co-Investment Manager of this Fund, together with (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 Fund;  
 Franklin Global Small-Mid Cap Growth Fund;  
 Franklin Templeton Global Growth and Value Fund; and  
 Templeton European Corporate Bond Fund\*\*.

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

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

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

Templeton Global Advisors Limited manages the following Funds:  
 Templeton 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 of this Fund, together with (i) Franklin Advisers, Inc., (ii) Templeton Asset Management Limited and (iii) Templeton Global Advisors Limited.

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

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

Franklin Templeton Investments Japan Limited manages the following Funds:

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

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

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

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

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

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

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

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

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

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

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

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

## REPORT OF THE INVESTMENT MANAGERS

The six months under review were marked by a gradual improvement in the fortunes of most of the major industrialized nations, continued strong economic growth in emerging markets, and signs of transition in certain sections of the capital markets.

Gross domestic product (GDP) growth in the U.S. rose by 2.6% in the period from July to September, marking an acceleration from the previous quarter. Nevertheless, the U.S. economy's rate of recovery has remained relatively subdued since recession officially ended in late 2009, and unemployment has remained high. Consequently, monetary policy has remained relaxed. The Federal Reserve (Fed) actually loosened policy further at the beginning of November when it committed to buy an additional US\$600 billion in government bonds. A month after this announcement came legislative agreement to extend sizable tax cuts that were set to expire.

With stimulus so much in focus, global equities performed well for much of the half year under review. The Standard & Poor's 500 (S&P 500) Index rose to a level higher than where it stood just before the collapse of Lehman Brothers in late 2008, and world equity indexes all climbed steadily from low points registered in July. With investors becoming more comfortable with risk and increasingly reluctant to leave cash on the sidelines, equity-market inflows began to pick up again during the period, to the general detriment of fixed income assets, which had previously grabbed most investor interest.

Robust demand, loose monetary policy and a massive inflow of foreign money looking for comparatively high yields ensured that most emerging-market equities (and bonds) performed strongly during the half year under review. Commodities rose sharply over the six months due to the abundance of global liquidity caused by lax monetary policies in the West and Japan, as well as solid global growth, especially in the emerging world. The cost of cereals, oil and iron ore had surged to two-year highs by the end of December 2010.

The waves of money being injected into the economy, together with the improvement in the economic picture meant that 10-year Treasury yields ended 2010 at 3.30% from a period low point of 2.41% at the beginning of October. Yields on bonds issued by the biggest European economies and Japan also climbed. Some of this rise in long-term yields may reflect a stabilization or even an improvement in the global economic outlook, although a further rise in bond yields could cause problems for economies at some stage.

Bond investors have also had to contend with festering sovereign debt problems in Europe. Back in May, massive help from the European Union (EU) and the International Monetary Fund (IMF) calmed bond market fears about Greece's financial well-being. But yield spreads over German Bunds for European peripheral countries started to widen again in October and November, necessitating a further EU/IMF bailout, this time of Ireland.

Corporate debt—both of investment- and noninvestment-grade quality—has done well for some time, offering higher yields than government bonds for comparatively low risk, thanks to the substantial improvement in corporate fundamentals and the gradual improvement in the economy.

The period under review was also marked by currency tensions, with prolonged monetary and fiscal easing in the West leading to significant appreciation in the currencies of developing and commodity-producing countries. U.S. dollar weakness and large inflows of foreign capital have not only supported relatively strong growth in recipient economies, but have also forced central banks in Asia and Latin America to impose administrative controls on banks to try to stem currency volatility and prevent asset price bubbles. Despite apparent improvements in economic growth prospects, growing currency volatility and lingering concerns over eurozone sovereign debt mean that investors have increasingly been turning to precious metals, particularly gold, whose price reached a nominal record high in December.

Outside of Europe—and on a macroeconomic level at least—the outlook for the immediate future looks relatively favorable to us. The latest data showed that manufacturing activity around the world has been picking up. Significantly, consumer and business spending has been increasing again in the U.S., and jobless claims have continued to decline. U.S. growth over the next year is likely to benefit significantly from the stimulus measures adopted over the past six months, even taking ongoing deleveraging into account. Although there remains a significant threat that the sovereign debt problems of Ireland and Greece could spill over to other Mediterranean countries, with all the political as well as economic turmoil that would entail for the eurozone, economies in northern and eastern Europe have continued to forge ahead, with a noticeable revival in manufacturing activity.

Longer term, we believe there are reasons for caution. The extension of tax cuts in the U.S. was not accompanied by any new initiatives for medium-term fiscal consolidation. Should U.S. inflation expectations increase significantly, a “bond market revolt” remains a possibility at some stage. By contrast, growth in Europe stands to be affected by the major fiscal consolidation measures now being adopted throughout the Continent. Furthermore, from a purely market viewpoint, an examination of cyclically adjusted price-to-earnings ratios suggests that stocks in general were not particularly cheap as of December-end.

The rise in commodity prices will also need to be closely monitored, as will the large capital inflows into emerging markets. While we are largely satisfied that central banks have been “ahead of the curve” in tightening monetary policy, inflation and asset price bubbles remain a concern.

THE INVESTMENT MANAGERS

January, 2011

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

## FUND PERFORMANCE IN BASE CURRENCY PERCENTAGE CHANGE TO DECEMBER 31, 2010

	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	19.3	13.9	(6.3)	–	–	38.2
Franklin Biotechnology Discovery Fund	03 Apr 00	USD	23.3	17.6	19.3	21.1	(8.2)	2.1
Franklin Euroland Core Fund	28 Nov 08	EUR	11.6	3.1	–	–	–	35.2
Franklin European Growth Fund	29 Dec 00	EUR	15.4	20.0	12.2	34.0	0.2	0.2
Franklin European Small-Mid Cap Growth Fund	03 Dec 01	EUR	15.6	20.7	8.3	49.2	–	114.8
Franklin Global Growth Fund	29 Dec 00	USD	22.2	9.0	(14.0)	24.4	11.0	11.0
Franklin Global Real Estate Fund	29 Dec 05	USD	22.1	21.5	(20.9)	(14.4)	–	(14.4)
Franklin Global Small-Mid Cap Growth Fund	15 Apr 02	USD	25.2	18.7	11.0	38.9	–	122.6
Franklin Gold and Precious Metals Fund	30 Apr 10	USD	33.3	–	–	–	–	30.0
Franklin High Yield Fund	01 Mar 96	USD	9.3	12.3	17.6	29.2	80.6	107.8
Franklin Income Fund	01 Jul 99	USD	12.5	11.7	5.1	26.6	72.4	94.5
Franklin India Fund	25 Oct 05	USD	20.7	27.3	0.2	144.7	–	182.1
Franklin MENA Fund	16 Jun 08	USD	17.0	18.1	–	–	–	(50.5)
Franklin Natural Resources Fund	12 Jul 07	USD	43.8	28.6	0.7	–	–	8.3
Franklin Real Return Fund	30 Apr 10	USD	6.9	–	–	–	–	3.4
Franklin Strategic Income Fund	12 Jul 07	USD	6.8	10.2	21.9	–	–	24.8
Franklin Technology Fund	03 Apr 00	USD	29.6	21.9	18.7	46.2	(2.4)	(28.2)
Franklin U.S. Dollar Liquid Reserve Fund	01 Jun 94	USD	(0.2)	(0.3)	1.2	9.9	19.2	59.4
Franklin U.S. Equity Fund	01 Jul 99	USD	19.2	10.3	(4.8)	11.9	10.7	59.1
Franklin U.S. Focus Fund	15 May 08	USD	21.5	13.0	–	–	–	2.4
Franklin U.S. Government Fund	28 Feb 91	USD	1.0	5.7	16.6	27.3	55.5	145.6
Franklin U.S. Opportunities Fund	03 Apr 00	USD	31.1	20.7	0.5	27.0	17.6	(25.3)
Franklin U.S. Small-Mid Cap Growth Fund	29 Dec 00	USD	31.8	27.0	3.7	19.1	27.3	27.3
Franklin U.S. Total Return Fund	29 Aug 03	USD	4.2	10.3	14.8	24.3	–	37.5
Franklin U.S. Ultra Short Bond Fund	29 Aug 03	USD	0.5	1.4	3.7	11.5	–	17.0
Franklin World Perspectives Fund	14 Oct 08	USD	24.3	14.8	–	–	–	43.2
Franklin Mutual Beacon Fund	07 Jul 97	USD	16.6	10.9	(15.6)	0.3	38.2	99.2
Franklin Mutual Euroland Fund	14 Oct 08	EUR	9.7	8.8	–	–	–	28.6
Franklin Mutual European Fund*	31 Dec 01	EUR	8.5	11.8	(16.0)	5.8	–	50.8
Franklin Mutual Global Discovery Fund	25 Oct 05	USD	19.9	9.2	(3.1)	27.5	–	33.6
Franklin Templeton Global Equity Strategies Fund	15 May 08	USD	22.2	7.7	–	–	–	0.8
Franklin Templeton Global Fundamental Strategies Fund	25 Oct 07	USD	15.8	9.4	4.1	–	–	2.4
Franklin Templeton Global Growth and Value Fund	09 Sep 02	USD	21.1	7.7	(15.1)	20.0	–	87.9
Franklin Templeton Japan Fund	01 Sep 00	JPY	6.5	(1.4)	(50.7)	(60.2)	(40.7)	(51.1)
Templeton Asian Bond Fund	25 Oct 05	USD	8.0	11.3	29.6	63.5	–	68.4
Templeton Asian Growth Fund	30 Jun 91	USD	28.9	30.0	5.1	126.3	469.5	282.1
Templeton Asian Smaller Companies Fund	14 Oct 08	USD	33.5	40.3	–	–	–	191.3
Templeton BRIC Fund	25 Oct 05	USD	27.4	11.8	(18.2)	81.8	–	100.3
Templeton China Fund	01 Sep 94	USD	24.8	17.2	5.4	123.9	369.8	185.2

## FUND PERFORMANCE IN BASE CURRENCY

### PERCENTAGE CHANGE TO DECEMBER 31, 2010 (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	19.6	24.9	(15.7)	15.0	221.3	266.4
Templeton Emerging Markets Fund	28 Feb 91	USD	28.1	15.6	(6.3)	52.1	232.0	270.1
Templeton Emerging Markets Bond Fund	05 Jul 91	USD	8.7	13.1	36.5	71.4	192.0	620.9
Templeton Emerging Markets Smaller Companies Fund	18 Oct 07	USD	31.8	34.2	(4.9)	–	–	(5.5)
Templeton Euro Government Bond Fund	08 Jan 99	EUR	(1.4)	(0.3)	6.7	6.2	33.5	32.9
Templeton Euro High Yield Fund	17 Apr 00	EUR	9.5	12.9	10.3	17.3	39.0	30.5
Templeton Euro Liquid Reserve Fund	01 Jun 94	EUR	0.4	0.4	3.4	8.0	19.0	38.7
Templeton Euro Money Market Fund	23 Oct 09	EUR	0.2	0.3	–	–	–	0.4
Templeton Euroland Fund	08 Jan 99	EUR	7.6	1.0	(33.6)	(20.7)	(5.3)	25.4
Templeton European Fund†	03 Dec 01	EUR	10.2	7.1	(25.7)	(16.2)	–	1.4
Templeton European Corporate Bond Fund	30 Apr 10	EUR	1.0	–	–	–	–	(0.4)
Templeton European Total Return Fund	29 Aug 03	EUR	1.9	4.2	(2.6)	(2.0)	–	10.9
Templeton Frontier Markets Fund	14 Oct 08	USD	17.6	19.5	–	–	–	74.0
Templeton Global Fund	28 Feb 91	USD	21.9	5.7	(24.9)	3.3	35.8	199.3
Templeton Global (Euro) Fund	26 Apr 91	EUR	8.1	8.5	(22.1)	(15.7)	(9.4)	164.0
Templeton Global Aggregate Bond Fund	29 Oct 10	USD	–	–	–	–	–	(2.9)
Templeton Global Balanced Fund	01 Jun 94	USD	17.4	5.9	(9.1)	14.8	60.7	151.9
Templeton Global Bond Fund	28 Feb 91	USD	8.2	11.7	42.4	78.6	185.9	370.4
Templeton Global Bond (Euro) Fund	29 Aug 03	EUR	1.1	7.3	20.3	22.3	–	33.0
Templeton Global Equity Income Fund	27 May 05	USD	21.4	0.8	(28.0)	(0.8)	–	5.7
Templeton Global High Yield Fund	27 Sep 07	USD	8.5	12.0	21.7	–	–	21.0
Templeton Global Income Fund	27 May 05	USD	16.1	10.4	7.9	45.1	–	48.7
Templeton Global Smaller Companies Fund	08 Jul 91	USD	29.8	27.4	(6.0)	17.1	102.3	286.1
Templeton Global Total Return Fund	29 Aug 03	USD	10.3	15.5	49.9	93.2	–	139.6
Templeton Growth (Euro) Fund	09 Aug 00	EUR	11.0	13.3	(15.3)	(15.9)	(1.5)	(3.2)
Templeton Korea Fund	08 May 95	USD	41.3	19.5	(17.9)	13.2	212.1	(24.8)
Templeton Latin America Fund‡	28 Feb 91	USD	29.7	18.2	17.4	152.4	584.0	443.2
Templeton Thailand Fund	20 Jun 97	USD	38.0	45.4	28.8	81.3	387.2	55.9
Templeton U.S. Value Fund	29 Aug 03	USD	21.6	13.3	(15.3)	(8.0)	–	17.8

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.

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, 2010

	TOTAL (USD)	Franklin Asian Flex Cap Fund (USD)	Franklin Biotechnology Discovery Fund (USD)	Franklin Euroland Core Fund (EUR)	Franklin European Growth Fund (EUR)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	112,437,095,578	23,573,920	112,251,511	22,131,281	381,666,430
Cash	1,267,876,904	199,342	14,989,773	4,122	244,401
Time deposits and repurchase agreements (note 19)	7,577,732,473	400,000	–	660,000	30,200,000
Amounts receivable on sale of investments	117,420,062	–	201,620	–	1,658,786
Amounts receivable on subscriptions	685,462,956	17,372	2,030,570	4,985	4,324,278
Interest and dividends receivable, net	847,392,509	5,503	–	5,883	3,415,596
Other receivables	12,815,342	1,736	–	34,191	10,229
Unrealised profit on forward foreign exchange contracts (note 4)	429,012,723	–	–	–	–
Unrealised profit on credit default swaps (note 5)	1,264,836	–	–	–	–
Unrealised profit on interest rate swaps (note 6)	4,959,760	–	–	–	–
Unrealised profit on financial futures contracts (note 7)	22,037	–	–	–	–
<b>TOTAL ASSETS</b>	<b>123,381,055,180</b>	<b>24,197,873</b>	<b>129,473,474</b>	<b>22,840,462</b>	<b>421,519,720</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	429,523,833	–	12,933,260	–	738,144
Amounts payable on redemptions	393,328,673	219,145	747,720	4,941	2,394,771
Bank overdraft	9,887,437	–	–	–	–
Unrealised loss on forward foreign exchange contracts (note 4)	19,867,157	–	–	–	–
Unrealised loss on financial futures contracts (note 7)	82,482	–	–	–	–
Investment management fees payable (note 3)	93,347,710	19,462	78,902	14,883	303,137
Taxes and expense payable	118,389,845	47,165	104,135	14,244	255,458
<b>TOTAL LIABILITIES</b>	<b>1,064,427,137</b>	<b>285,772</b>	<b>13,864,017</b>	<b>34,068</b>	<b>3,691,510</b>
<b>TOTAL NET ASSETS</b>	<b>122,316,628,043</b>	<b>23,912,101</b>	<b>115,609,457</b>	<b>22,806,394</b>	<b>417,828,210</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2010	88,411,687,219	29,920,224	74,572,597	20,658,937	249,493,564
June 30, 2009	47,048,939,530	29,819,379	70,628,479	17,234,474	31,894,597
June 30, 2008	61,534,169,142	36,332,132	53,201,179	–	17,635,809

The accompanying notes form an integral

**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2010 (CONTINUED)**

Franklin European Small-Mid Cap Growth Fund (EUR)	Franklin Global Growth Fund (USD)	Franklin Global Real Estate Fund (USD)	Franklin Global Small-Mid Cap Growth Fund (USD)	Franklin Gold and Precious Metals Fund (USD)	Franklin High Yield Fund (USD)	Franklin Income Fund (USD)
430,411,760	111,187,720	116,073,539	66,829,062	58,031,995	3,052,767,403	664,840,545
449,670	195,842	326,308	8,005	3,199,844	66,815,985	467,432
45,000,000	3,000,000	4,900,000	5,300,000	-	-	-
1,321,545	84,931	4,352,644	123,916	150,548	1,373,667	-
3,035,577	99,790	751,453	467,565	1,497,983	13,069,936	6,207,041
4,531,228	9,226	421,318	568,407	5,203	59,324,121	7,305,476
50,496	6,731	278	3,373	-	779,729	25,019
-	-	388,342	-	185,856	1,856,381	621,703
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
484,800,276	114,584,240	127,213,882	73,300,328	63,071,429	3,195,987,222	679,467,216
619,586	-	6,116,395	108,637	3,057,625	-	-
388,228	99,078	209,727	238,314	376,428	15,600,158	5,248,120
-	-	-	-	-	-	-
-	1,783	-	-	-	-	-
-	-	-	-	-	-	-
336,731	79,928	97,032	58,750	42,130	2,092,446	478,230
246,759	70,771	184,791	68,307	44,378	3,205,432	777,013
1,591,304	251,560	6,607,945	474,008	3,520,561	20,898,036	6,503,363
483,208,972	114,332,680	120,605,937	72,826,320	59,550,868	3,175,089,186	672,963,853
252,497,144	57,266,803	64,793,655	36,904,320	5,565,752	2,681,403,357	653,230,165
59,920,404	32,915,531	19,258,439	28,541,329	-	1,870,189,148	397,970,744
45,036,706	36,397,878	38,398,156	20,482,747	-	1,944,931,904	623,173,789

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## STATEMENT OF NET ASSETS AT DECEMBER 31, 2010 (CONTINUED)

	Franklin India Fund (USD)	Franklin MENA Fund (USD)	Franklin Natural Resources Fund (USD)	Franklin Real Return Fund (USD)	Franklin Strategic Income Fund (USD)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	1,553,371,236	139,144,518	244,443,361	5,667,514	239,639,856
Cash	–	5,348,382	25,386,334	575,801	38,539,182
Time deposits and repurchase agreements (note 19)	91,600,000	2,000,000	–	–	–
Amounts receivable on sale of investments	1,023,417	–	279,682	50	267,705
Amounts receivable on subscriptions	22,500,646	1,532,424	10,931,352	89,448	505,030
Interest and dividends receivable, net	309,921	–	86,872	47,195	3,341,600
Other receivables	133,516	–	–	1,798	63,087
Unrealised profit on forward foreign exchange contracts (note 4)	216,075	12,819	–	55,056	–
Unrealised profit on credit default swaps (note 5)	–	–	–	–	1,009,619
Unrealised profit on interest rate swaps (note 6)	–	–	–	–	–
Unrealised profit on financial futures contracts (note 7)	–	–	–	–	–
<b>TOTAL ASSETS</b>	<b>1,669,154,811</b>	<b>148,038,143</b>	<b>281,127,601</b>	<b>6,436,862</b>	<b>283,366,079</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	832,754	142,863	17,604,693	–	5,711,318
Amounts payable on redemptions	5,077,506	107,228	5,480,619	–	1,024,556
Bank overdraft	4,781	–	–	–	–
Unrealised loss on forward foreign exchange contracts (note 4)	–	–	–	–	300,608
Unrealised loss on financial futures contracts (note 7)	–	–	–	–	–
Investment management fees payable (note 3)	1,272,227	145,924	186,308	3,915	160,636
Taxes and expense payable	1,561,954	126,706	180,173	9,403	302,368
<b>TOTAL LIABILITIES</b>	<b>8,749,222</b>	<b>522,721</b>	<b>23,451,793</b>	<b>13,318</b>	<b>7,499,486</b>
<b>TOTAL NET ASSETS</b>	<b>1,660,405,589</b>	<b>147,515,422</b>	<b>257,675,808</b>	<b>6,423,544</b>	<b>275,866,593</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2010	1,024,275,135	95,002,312	104,946,439	4,638,420	191,900,788
June 30, 2009	610,549,176	17,944,197	37,802,931	–	90,479,128
June 30, 2008	494,169,523	22,298,037	50,542,306	–	70,341,741

The accompanying notes form an integral

**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2010 (CONTINUED)**

Franklin Technology Fund (USD)	Franklin U.S. Dollar Liquid Reserve Fund (USD)	Franklin U.S. Equity Fund (USD)	Franklin U.S. Focus Fund (USD)	Franklin U.S. Government Fund (USD)	Franklin U.S. Opportunities Fund (USD)	Franklin U.S. Small-Mid Cap Growth Fund (USD)
391,397,396	120,855,512	593,289,686	9,850,066	2,356,799,587	1,604,455,009	49,326,184
17,601,172	100,752,445	14,273,963	787,481	11,650,377	32,412,394	12,053,956
-	-	-	-	-	-	-
46,953	43,890,000	7,770,426	-	7,751	-	-
6,091,798	501,601	2,478,204	21,659	5,714,886	12,095,417	1,121,561
22,455	249,439	657,606	6,707	9,169,723	223,541	8,089
80,795	-	13,492	21	28,126	107,238	4,545
-	-	375,010	-	121,895	766,488	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
415,240,569	266,248,997	618,858,387	10,665,934	2,383,492,345	1,650,060,087	62,514,335
4,810,146	43,889,854	998,266	-	701,356	11,712,474	14,731
2,666,326	2,265,128	3,430,739	10,240	12,922,303	3,480,054	1,147,767
-	-	-	-	-	-	-
-	-	-	227	-	-	-
-	-	-	-	-	-	-
316,827	57,312	478,046	7,868	1,143,934	1,200,317	45,506
323,750	153,128	476,852	15,627	1,613,088	1,086,448	63,755
8,117,049	46,365,422	5,383,903	33,962	16,380,681	17,479,293	1,271,759
407,123,520	219,883,575	613,474,484	10,631,972	2,367,111,664	1,632,580,794	61,242,576
264,049,900	267,260,935	665,871,864	8,945,646	2,498,161,733	879,151,288	37,277,528
89,066,631	332,851,770	328,454,736	3,908,033	2,393,496,020	452,577,568	24,424,393
133,248,036	306,877,178	186,499,067	4,587,040	1,551,406,244	729,292,850	31,515,579

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## STATEMENT OF NET ASSETS AT DECEMBER 31, 2010 (CONTINUED)

	Franklin U.S. Total Return Fund (USD)	Franklin U.S. Ultra Short Bond Fund (USD)	Franklin World Perspectives Fund (USD)	Franklin Mutual Beacon Fund (USD)	Franklin Mutual Euroland Fund (EUR)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	63,917,741	220,320,692	42,056,664	1,313,613,862	8,540,561
Cash	11,356,524	31,929,707	302,418	8,637,266	1,053,912
Time deposits and repurchase agreements (note 19)	–	–	1,600,000	–	–
Amounts receivable on sale of investments	50,048	825,916	45,140	10,083,270	–
Amounts receivable on subscriptions	389,931	290,020	241,816	4,269,638	1,638
Interest and dividends receivable, net	623,051	536,445	121,949	1,569,855	22,675
Other receivables	68,449	16,213	2,861	260,344	10,659
Unrealised profit on forward foreign exchange contracts (note 4)	–	–	–	–	–
Unrealised profit on credit default swaps (note 5)	93,810	–	–	–	–
Unrealised profit on interest rate swaps (note 6)	–	–	–	–	–
Unrealised profit on financial futures contracts (note 7)	–	–	–	–	–
<b>TOTAL ASSETS</b>	<b>76,499,554</b>	<b>253,918,993</b>	<b>44,370,848</b>	<b>1,338,434,235</b>	<b>9,629,445</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	9,666,074	20,991,156	118,410	4,046,561	–
Amounts payable on redemptions	280,701	1,338,483	1,941	3,857,760	7,538
Bank overdraft	–	–	–	–	–
Unrealised loss on forward foreign exchange contracts (note 4)	31,341	–	–	1,289,141	–
Unrealised loss on financial futures contracts (note 7)	82,482	–	–	–	–
Investment management fees payable (note 3)	38,971	107,119	32,330	1,044,919	7,092
Taxes and expense payable	64,989	174,340	36,373	1,648,027	9,323
<b>TOTAL LIABILITIES</b>	<b>10,164,558</b>	<b>22,611,098</b>	<b>189,054</b>	<b>11,886,408</b>	<b>23,953</b>
<b>TOTAL NET ASSETS</b>	<b>66,334,996</b>	<b>231,307,895</b>	<b>44,181,794</b>	<b>1,326,547,827</b>	<b>9,605,492</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2010	56,575,483	156,448,721	32,889,202	1,208,336,071	9,222,542
June 30, 2009	27,699,155	91,095,674	26,153,247	1,106,317,603	14,446,829
June 30, 2008	46,717,257	63,539,119	–	2,038,468,236	–

The accompanying notes form an integral

**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2010 (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)
2,815,998,293	1,042,645,465	66,506,982	520,023,893	92,449,928	6,409,155,800	2,987,496,777
13,033,616	20,387,105	250,046	29,191,981	44,870	9,912,894	32,197,851
106,060,935	25,380,080	2,000,000	-	3,900,000	-	489,300,000
147,348	3,369,357	51,253	509,276	14,988	182,530,874	-
6,684,276	4,711,694	160,182	1,414,926	233,447	37,853,225	11,809,818
5,606,062	1,651,109	93,826	3,026,515	55,259	4,194,951	35,213,647
2,639,657	200,496	6,076	92,022	19,167	-	319,752
33,272	2,143,400	80,250	4,728,675	-	-	8,275,056
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,148
2,950,203,459	1,100,488,706	69,148,615	558,987,288	96,717,659	6,643,647,744	3,564,616,049
80,687	5,990,583	73,193	159,811	-	46,869,045	19,665
12,182,896	2,230,147	102,576	266,125	36,066	36,453,253	7,105,115
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,294,096	830,318	73,176	465,746	66,740	5,594,812	2,101,259
2,951,962	956,540	64,324	596,929	82,543	14,017,974	5,342,344
17,509,641	10,007,588	313,269	1,488,611	185,349	102,935,084	14,568,383
2,932,693,818	1,090,481,118	68,835,346	557,498,677	96,532,310	6,540,712,660	3,550,047,666
2,591,062,545	860,956,429	55,677,687	458,235,313	64,486,472	7,225,256,114	2,279,041,816
2,540,051,273	768,426,316	48,381,115	414,325,706	41,662,310	11,648,307,443	306,350,532
4,378,425,615	583,586,135	9,289,246	210,159,691	47,903,942	28,640,457,830	801,249,143

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## STATEMENT OF NET ASSETS AT DECEMBER 31, 2010 (CONTINUED)

	Templeton Asian Growth Fund (USD)	Templeton Asian Smaller Companies Fund (USD)	Templeton BRIC Fund (USD)	Templeton China Fund (USD)	Templeton Eastern Europe Fund (EUR)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	14,684,595,755	152,391,002	3,206,248,369	1,477,723,757	1,032,473,912
Cash	1,166,546	26,423,015	2,247,311	58,520	20,109,032
Time deposits and repurchase agreements (note 19)	2,241,600,000	-	55,200,000	67,400,000	63,400,000
Amounts receivable on sale of investments	2,433,106	-	2,329,781	271,827	69,731
Amounts receivable on subscriptions	105,117,523	2,895,262	11,636,889	17,758,615	7,616,009
Interest and dividends receivable, net	5,962,802	78,422	6,811,519	-	1,056,741
Other receivables	36,061	912	86,673	2,518	540,046
Unrealised profit on forward foreign exchange contracts (note 4)	2,372,300	-	799,364	-	-
Unrealised profit on credit default swaps (note 5)	-	-	-	-	-
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-
Unrealised profit on financial futures contracts (note 7)	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>17,043,284,093</b>	<b>181,788,613</b>	<b>3,285,359,906</b>	<b>1,563,215,237</b>	<b>1,125,265,471</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	2,293,386	1,002,456	3,273,652	999,906	43,994,788
Amounts payable on redemptions	47,385,363	152,427	12,456,164	14,318,744	4,912,372
Bank overdraft	-	-	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	-	-	-	-	-
Unrealised loss on financial futures contracts (note 7)	-	-	-	-	-
Investment management fees payable (note 3)	16,410,449	176,578	4,239,856	1,993,209	1,302,126
Taxes and expense payable	12,081,730	119,311	3,533,008	1,299,234	1,247,244
<b>TOTAL LIABILITIES</b>	<b>78,170,928</b>	<b>1,450,772</b>	<b>23,502,680</b>	<b>18,611,093</b>	<b>51,456,530</b>
<b>TOTAL NET ASSETS</b>	<b>16,965,113,165</b>	<b>180,337,841</b>	<b>3,261,857,226</b>	<b>1,544,604,144</b>	<b>1,073,808,941</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2010	10,393,185,887	37,740,758	2,611,189,819	936,951,071	711,325,555
June 30, 2009	5,003,281,807	9,190,269	1,707,702,485	670,340,808	418,499,527
June 30, 2008	6,348,631,189	-	2,603,423,258	661,040,772	851,335,704

The accompanying notes form an integral

**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2010 (CONTINUED)**

Templeton Emerging Markets Fund (USD)	Templeton Emerging Markets Bond Fund (USD)	Templeton Emerging Markets Smaller Companies Fund (USD)	Templeton Euro Government Bond Fund (EUR)	Templeton Euro High Yield Fund (EUR)	Templeton Euro Liquid Reserve Fund (EUR)	Templeton Euro Money Market Fund (EUR)
1,277,173,630	5,549,329,745	454,554,204	19,549,924	424,505,111	98,034,079	20,287,330
598,745	39,129,803	31,795,965	4,371	-	88,304	36,833
48,100,000	234,600,000	-	875,000	55,900,000	2,000,000	2,800,000
427,750	-	-	-	2,540,897	-	1,000,000
5,528,179	49,406,878	5,646,334	119,548	2,762,075	809,667	28,612
2,950,476	79,427,339	475,571	397,433	9,339,007	65,761	6,127
125,396	552,549	12,497	-	498,588	-	632
-	-	-	-	-	-	-
-	-	-	-	12,201	-	-
-	-	-	-	-	-	-
-	3,148	-	-	-	-	-
1,334,904,176	5,952,449,462	492,484,571	20,946,276	495,557,879	100,997,811	24,159,534
12,135,044	31,753	3,564,209	-	-	-	-
5,617,930	14,893,347	811,698	72,878	1,484,336	1,745,163	5,339
-	-	-	-	7,372,455	-	-
-	15,808,698	-	-	1,628,388	-	-
-	-	-	-	-	-	-
1,713,793	4,544,391	603,427	8,910	311,741	26,602	4,365
1,552,220	5,208,390	470,286	27,703	391,957	94,874	11,777
21,018,987	40,486,579	5,449,620	109,491	11,188,877	1,866,639	21,481
1,313,885,189	5,911,962,883	487,034,951	20,836,785	484,369,002	99,131,172	24,138,053
1,007,586,053	4,111,146,203	295,588,749	18,498,000	400,893,844	107,927,433	24,421,190
938,247,442	1,082,133,643	168,712,514	16,836,124	260,178,626	95,182,412	-
1,385,750,299	1,301,111,924	337,862,226	27,728,076	254,682,797	130,874,425	-

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## STATEMENT OF NET ASSETS AT DECEMBER 31, 2010 (CONTINUED)

	Templeton Euroland Fund  (EUR)	Templeton European Fund  (EUR)	Templeton European Corporate Bond Fund  (EUR)	Templeton European Total Return Fund  (EUR)	Templeton Frontier Markets Fund  (USD)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	115,724,794	120,205,108	10,847,617	64,476,323	890,130,429
Cash	243,170	93,760	12,107	114,095	62,297,578
Time deposits and repurchase agreements (note 19)	3,500,000	400,000	400,000	2,300,000	-
Amounts receivable on sale of investments	-	-	-	-	3,088,271
Amounts receivable on subscriptions	13,392	166,114	20,990	92,574	12,723,916
Interest and dividends receivable, net	-	137,413	300,335	1,361,306	530,442
Other receivables	376,293	176,982	700	17,165	63,524
Unrealised profit on forward foreign exchange contracts (note 4)	-	-	416	573,738	210,660
Unrealised profit on credit default swaps (note 5)	-	-	-	-	-
Unrealised profit on interest rate swaps (note 6)	-	-	-	-	-
Unrealised profit on financial futures contracts (note 7)	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>119,857,649</b>	<b>121,179,377</b>	<b>11,582,165</b>	<b>68,935,201</b>	<b>969,044,820</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	-	903	-	-	14,379,301
Amounts payable on redemptions	119,325	433,523	-	705,531	4,857,345
Bank overdraft	-	-	-	-	-
Unrealised loss on forward foreign exchange contracts (note 4)	-	-	-	-	-
Unrealised loss on financial futures contracts (note 7)	-	-	-	-	-
Investment management fees payable (note 3)	104,157	102,798	4,410	43,660	1,087,430
Taxes and expense payable	177,615	139,750	8,569	123,819	793,948
<b>TOTAL LIABILITIES</b>	<b>401,097</b>	<b>676,974</b>	<b>12,979</b>	<b>873,010</b>	<b>21,118,024</b>
<b>TOTAL NET ASSETS</b>	<b>119,456,552</b>	<b>120,502,403</b>	<b>11,569,186</b>	<b>68,062,191</b>	<b>947,926,796</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2010	132,622,294	117,182,884	10,850,259	70,690,229	355,478,066
June 30, 2009	136,356,941	144,814,010	-	89,996,188	10,932,543
June 30, 2008	258,107,008	159,284,716	-	196,656,134	-

\*This fund was launched on October 29, 2010

The accompanying notes form an integral

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2010 (CONTINUED)

Templeton Global Fund (USD)	Templeton Global (Euro) Fund (EUR)	Templeton Global Aggregate Bond Fund* (USD)	Templeton Global Balanced Fund (USD)	Templeton Global Bond Fund (USD)	Templeton Global Bond (Euro) Fund (EUR)	Templeton Global Equity Income Fund (USD)
1,063,042,168	554,793,537	11,327,925	686,251,270	31,620,796,902	421,653,158	95,442,643
470,504	3,843,888	308,464	1,637,682	185,075,976	3,393,887	-
12,700,000	5,400,000	-	18,100,000	3,489,300,000	19,700,000	2,600,000
2,711,189	13,418	-	-	-	-	99,566
1,154,620	125,249	-	923,420	179,102,779	2,726,216	45,290
1,574,250	620,600	122,710	4,958,132	381,484,971	3,445,041	382,541
541,256	218,764	2,409	198,159	126,406	49	104,635
-	29,073	187,688	224,231	286,246,789	140,917	-
-	-	-	-	-	-	-
-	-	-	-	4,959,760	-	-
-	-	-	-	3,148	2,354	-
1,082,193,987	565,044,529	11,949,196	712,292,894	36,147,096,731	451,061,622	98,674,675
-	-	1,030,037	565	111,131,060	-	28
1,961,205	621,212	-	1,037,508	94,879,847	1,086,176	343,978
-	-	-	-	-	-	20,154
-	-	-	-	-	-	-
-	-	-	-	-	-	-
849,529	475,718	4,105	477,035	21,696,514	283,129	84,616
1,129,194	585,397	9,136	926,903	36,796,660	501,529	134,072
3,939,928	1,682,327	1,043,278	2,442,011	264,504,081	1,870,834	582,848
1,078,254,059	563,362,202	10,905,918	709,850,883	35,882,592,650	449,190,788	98,091,827
925,156,864	542,441,391	-	658,907,869	26,724,456,688	347,872,646	90,904,876
1,002,383,266	472,030,578	-	647,982,642	9,472,784,421	137,972,094	99,738,750
1,635,360,447	616,563,108	-	993,992,609	10,134,928,080	213,603,431	177,141,209

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## STATEMENT OF NET ASSETS AT DECEMBER 31, 2010 (CONTINUED)

	Templeton Global High Yield Fund (USD)	Templeton Global Income Fund (USD)	Templeton Global Smaller Companies Fund (USD)	Templeton Global Total Return Fund (USD)	Templeton Growth (Euro) Fund (EUR)
<b>ASSETS</b>					
Investment in securities at market value (note 2(b))	76,639,630	231,547,702	287,477,560	13,144,560,164	4,822,048,478
Cash	11,175,344	200,512	170,391	347,097,534	12,818,993
Time deposits and repurchase agreements (note 19)	–	39,100,000	43,100,000	–	74,375,377
Amounts receivable on sale of investments	53,144	–	684,102	7,441,432	1,312,203
Amounts receivable on subscriptions	1,137,539	2,346,679	1,414,491	107,748,957	3,625,790
Interest and dividends receivable, net	1,296,524	1,832,843	177,899	180,058,170	6,682,642
Other receivables	15,315	83,782	697	1,507,801	744,684
Unrealised profit on forward foreign exchange contracts (note 4)	–	1,213,271	–	116,315,325	28,921
Unrealised profit on credit default swaps (note 5)	145,085	–	–	–	–
Unrealised profit on interest rate swaps (note 6)	–	–	–	–	–
Unrealised profit on financial futures contracts (note 7)	3,148	3,148	–	3,148	–
<b>TOTAL ASSETS</b>	<b>90,465,729</b>	<b>276,327,937</b>	<b>333,025,140</b>	<b>13,904,732,531</b>	<b>4,921,637,088</b>
<b>LIABILITIES</b>					
Amounts payable on purchases of investments	2,494,684	6,944	2,103,459	47,835,038	–
Amounts payable on redemptions	689,467	569,284	777,085	54,743,595	6,558,658
Bank overdraft	–	–	–	–	–
Unrealised loss on forward foreign exchange contracts (note 4)	256,983	–	–	–	–
Unrealised loss on financial futures contracts (note 7)	–	–	–	–	–
Investment management fees payable (note 3)	55,732	186,105	260,659	8,265,700	4,138,786
Taxes and expense payable	90,498	326,852	286,359	14,520,161	4,927,165
<b>TOTAL LIABILITIES</b>	<b>3,587,364</b>	<b>1,089,185</b>	<b>3,427,562</b>	<b>125,364,494</b>	<b>15,624,609</b>
<b>TOTAL NET ASSETS</b>	<b>86,878,365</b>	<b>275,238,752</b>	<b>329,597,578</b>	<b>13,779,368,037</b>	<b>4,906,012,479</b>
<b>THREE YEAR ASSET SUMMARY</b>					
June 30, 2010	57,991,912	186,043,619	237,574,862	9,247,942,075	4,490,061,960
June 30, 2009	9,856,828	97,979,719	125,392,526	2,481,854,834	3,583,682,816
June 30, 2008	7,533,849	145,616,401	180,141,227	3,624,150,774	4,561,999,638

The accompanying notes form an integral

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2010 (CONTINUED)

Templeton Korea Fund  (USD)	Templeton Latin America Fund  (USD)	Templeton Thailand Fund  (USD)	Templeton U.S. Value Fund  (USD)
109,601,957	4,042,347,646	198,193,055	34,618,706
59,639	2,691,856	83,343	880,068
3,200,000	134,500,000	6,400,000	-
160	9,280,853	1,040,193	-
1,839,962	21,273,154	2,810,594	220,336
-	5,044,610	-	29,027
1,598	2,462	157	-
-	478,733	-	58,679
-	-	-	-
-	-	-	-
-	-	-	-
114,703,316	4,215,619,314	208,527,342	35,806,816
280,875	14,615,048	1,289,700	-
717,960	15,855,703	1,461,165	4,674
-	-	-	-
-	-	-	-
-	-	-	-
142,122	4,402,916	273,396	25,375
131,035	3,495,977	227,671	30,922
1,271,992	38,369,644	3,251,932	60,971
113,431,324	4,177,249,670	205,275,410	35,745,845
82,332,757	3,000,450,731	149,863,578	30,343,326
74,580,646	2,234,440,086	118,376,363	16,843,928
124,452,365	2,629,312,818	200,115,502	15,769,035

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2010

	TOTAL (USD)	Franklin Asian Flex Cap Fund (USD)	Franklin Biotechnology Discovery Fund (USD)	Franklin Euroland Core Fund (EUR)	Franklin European Growth Fund (EUR)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	88,411,687,219	29,920,224	74,572,597	20,658,937	249,493,564
Currency translation adjustment	1,166,386,271	–	–	–	–
	89,578,073,490	29,920,224	74,572,597	20,658,937	249,493,564
<b>INCOME</b>					
Dividends (net of withholding taxes)	394,580,039	275,704	–	79,004	4,740,425
Interest on bonds (net of withholding taxes)	1,588,411,162	–	2,067	–	–
Bank interest	7,239,505	996	149	384	58,966
Securities lending	23,969,380	–	–	64,107	–
Interest on swaps	2,781,955	–	–	–	–
Sundry income	5,365,974	–	–	–	530
<b>TOTAL INCOME</b>	2,022,348,015	276,700	2,216	143,495	4,799,921
<b>EXPENSES</b>					
Investment management fees (note 3)	493,445,749	127,826	416,695	85,550	1,472,851
Administration and transfer agency fees	121,579,955	51,176	172,179	22,960	352,064
Subscription tax (note 10)	25,034,597	5,638	20,528	2,119	60,658
Custodian fees	25,773,134	7,541	1,712	2,072	30,895
Audit, printing and publishing expenses	3,625,905	7,395	8,564	4,757	15,095
Bank charges	75,591	389	–	32	3,718
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	141,965,040	25,621	179,557	11,421	403,413
Class AX(acc) shares' maintenance charges (note 13)	2,696,290	–	–	–	–
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	36,617,073	86,110	31,119	–	–
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	17,063,353	3,319	5,194	–	–
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	56,781,486	6,696	31,564	4,118	262,065
Other charges	13,100,759	3,314	24,464	2,602	36,832
<b>TOTAL EXPENSES</b>	937,758,932	325,025	891,576	135,631	2,637,591
Expenses reimbursement (note 16)	(3,600,342)	(15,396)	–	(3,791)	–
<b>NET EXPENSES</b>	934,158,590	309,629	891,576	131,840	2,637,591
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	1,088,189,425	(32,929)	(889,360)	11,655	2,162,330
Net realised profit/(loss) on sale of investments	925,652,705	2,876,304	2,662,332	488,473	13,854,268
Net realised profit/(loss) on forward foreign exchange contracts	976,703,559	–	–	–	–
Net realised profit/(loss) on financial futures contracts	225,266	–	–	–	–
Net realised profit/(loss) on credit default swaps	172	–	–	–	–
Net realised profit/(loss) on interest rate swaps	116,177,609	–	–	–	–
Net realised profit/(loss) on foreign exchange transactions	6,796,382	(3,869)	5,231	1,742	91,857
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	3,113,745,118	2,839,506	1,778,203	501,870	16,108,455
Change in net unrealised appreciation/(depreciation) on:					
Investments	11,625,665,969	1,929,171	15,125,196	1,971,851	31,344,616
Forward foreign exchange contracts	(475,990,496)	–	–	–	–
Financial futures contracts	(75,064)	–	–	–	–
Options contracts	(6,491)	–	–	–	–
Credit default swaps	1,301,461	–	–	–	–
Interest rate swaps	(90,895,268)	–	–	–	–
Foreign exchange transactions	85,257,393	(1,014)	29	–	(86,943)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	14,259,002,622	4,767,663	16,903,428	2,473,721	47,366,128
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	45,900,619,090	5,860,682	47,063,532	632,222	207,569,210
Redemption of shares	(26,166,059,150)	(16,548,844)	(22,930,100)	(631,524)	(84,381,947)
Issue of shares in course of merger	21,636,988	–	–	–	–
Redemption of shares in course of merger	(23,092,858)	–	–	–	–
Equalisation (note 12)	46,586,942	(24,657)	–	–	100,665
	19,779,691,012	(10,712,819)	24,133,432	698	123,287,928
Dividends paid/accumulated (note 18)	(1,300,139,081)	(62,967)	–	(326,962)	(2,319,410)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	18,479,551,931	(10,775,786)	24,133,432	(326,264)	120,968,518
<b>NET ASSETS AT THE END OF THE PERIOD</b>	122,316,628,043	23,912,101	115,609,457	22,806,394	417,828,210
Portfolio Turnover Ratio (note 21)	–	90.65%	40.42%	28.33%	11.73%

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

The accompanying notes form an integral

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2010 (CONTINUED)

Franklin European Small-Mid Cap Growth Fund (EUR)	Franklin Global Growth Fund (USD)	Franklin Global Real Estate Fund (USD)	Franklin Global Real Estate (Euro) Fund* (EUR)	Franklin Global Small-Mid Cap Growth Fund (USD)	Franklin Gold and Precious Metals Fund (USD)	Franklin High Yield Fund (USD)
252,497,144	57,266,803	64,793,655	16,605,960	36,904,320	5,565,752	2,681,403,357
-	-	-	-	-	-	-
252,497,144	57,266,803	64,793,655	16,605,960	36,904,320	5,565,752	2,681,403,357
6,518,389	505,156	1,346,303	67,879	1,117,058	36,818	97,614
-	-	-	54	-	888	121,967,597
88,543	2,858	3,272	-	4,139	10	251
-	-	-	-	-	-	-
-	-	-	-	-	-	-
967	821	9,275	-	577	-	1,038,651
6,607,899	508,835	1,358,850	67,933	1,121,774	37,716	123,104,113
1,606,968	380,196	482,293	27,582	268,254	108,176	11,706,622
416,414	106,991	134,668	8,726	70,380	27,555	3,854,471
57,424	13,450	25,854	1,398	14,228	6,192	706,962
35,338	6,782	4,795	292	5,264	1,285	62,762
17,047	8,484	19,340	2,121	6,791	8,671	97,862
-	-	14,842	-	-	10	-
393,225	91,000	164,775	10,345	109,100	45,714	4,123,142
-	-	-	-	-	-	-
4,006	-	44,373	-	15,903	-	5,282,522
-	-	61,193	-	-	-	138,741
120,227	54,327	75,292	8,252	44,945	6,672	149,271
46,932	9,763	11,237	787	6,175	1,858	344,724
2,697,581	670,993	1,038,662	59,503	541,040	206,133	26,467,079
(239)	-	(1,058)	(86)	(632)	(49)	(70,431)
2,697,342	670,993	1,037,604	59,417	540,408	206,084	26,396,648
3,910,557	(162,158)	321,246	8,516	581,366	(168,368)	96,707,465
14,296,133	2,025,973	3,928,542	74,006	859,771	207,323	50,836,243
-	193,067	1,408,987	258,110	-	94,675	1,472,728
-	-	(308,548)	242,236	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(130,311)	59,165	6,272	(258,110)	718	(6,968)	5,388
18,076,379	2,116,047	5,356,499	324,758	1,441,855	126,662	149,021,824
40,150,112	16,114,396	13,253,565	694,138	9,495,538	5,603,754	106,487,372
-	(23,235)	388,342	19,285	-	204,903	(932,112)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(9,135)	(18,416)	389,174	(8,856)	1,973	210,235	662,036
58,217,356	18,188,792	19,387,580	1,029,325	10,939,366	6,145,554	255,239,120
322,246,278	58,185,827	35,792,800	1,161,292	41,238,402	51,913,942	1,063,713,664
(147,032,971)	(19,119,652)	(20,686,488)	(1,288,799)	(16,107,257)	(4,074,380)	(729,922,730)
-	-	21,636,988	-	-	-	-
61,283	52,393	6,888	(17,262,461)	11,603	-	1,680,673
175,274,590	39,118,568	36,750,188	(17,390,097)	25,142,748	47,839,562	335,471,607
(2,780,118)	(241,483)	(325,486)	(245,188)	(160,114)	-	(97,024,898)
172,494,472	38,877,085	36,424,702	(17,635,285)	24,982,634	47,839,562	238,446,709
483,208,972	114,332,680	120,605,937	-	72,826,320	59,550,868	3,175,089,186
(12.35)%	(14.95)%	76.58%	59.18%	(20.77)%	(4.01)%	56.75%

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## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2010 (CONTINUED)

	Franklin Income Fund	Franklin India Fund	Franklin MENA Fund	Franklin Natural Resources Fund	Franklin Real Return Fund
	(USD)	(USD)	(USD)	(USD)	(USD)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	653,230,165	1,024,275,135	95,002,312	104,946,439	4,638,420
Currency translation adjustment	-	-	-	-	-
	653,230,165	1,024,275,135	95,002,312	104,946,439	4,638,420
<b>INCOME</b>					
Dividends (net of withholding taxes)	4,409,841	6,905,787	477,609	782,448	6,705
Interest on bonds (net of withholding taxes)	17,697,179	-	-	3,311	32,680
Bank interest	38	57,907	3,926	-	-
Securities lending	-	-	-	-	-
Interest on swaps	-	-	-	-	-
Sundry income	1,562,362	-	503	-	-
<b>TOTAL INCOME</b>	23,669,420	6,963,694	482,038	785,759	39,385
<b>EXPENSES</b>					
Investment management fees (note 3)	2,851,527	6,389,697	749,449	727,186	19,889
Administration and transfer agency fees	828,066	1,552,756	154,796	188,022	5,384
Subscription tax (note 10)	169,240	337,866	16,016	35,028	1,565
Custodian fees	15,732	556,852	125,706	4,062	297
Audit, printing and publishing expenses	26,854	43,844	11,229	10,196	5,264
Bank charges	1,151	-	989	313	57
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	1,026,963	2,287,137	85,447	283,083	13,260
Class AX(acc) shares' maintenance charges (note 13)	-	-	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	1,184,587	339,309	11,236	50	-
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	413,163	119,848	322	34,803	-
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	234,919	1,233,313	34,503	78,035	-
Other charges	79,135	170,507	14,055	16,205	600
<b>TOTAL EXPENSES</b>	6,831,337	13,031,129	1,203,748	1,376,983	46,316
Expenses reimbursement (note 16)	(200)	(18,517)	-	-	(10,454)
<b>NET EXPENSES</b>	6,831,137	13,012,612	1,203,748	1,376,983	35,862
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	16,838,283	(6,048,918)	(721,710)	(591,224)	3,523
Net realised profit/(loss) on sale of investments	5,239,987	74,071,108	824,405	2,162,108	6,684
Net realised profit/(loss) on forward foreign exchange contracts	1,279,792	1,057,196	468,842	-	113,021
Net realised profit/(loss) on financial futures 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	19,236	(2,051,759)	58,628	(6,249)	1,889
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	23,377,298	67,027,627	630,165	1,564,635	125,117
Change in net unrealised appreciation/(depreciation) on:					
Investments	55,196,197	167,362,517	18,873,898	53,291,783	252,109
Forward foreign exchange contracts	713,689	212,779	(36,042)	-	77,511
Financial futures contracts	-	-	-	-	-
Options contracts	-	-	-	-	-
Credit default swaps	-	-	-	-	-
Interest rate swaps	-	-	-	-	-
Foreign exchange transactions	709,364	(489,254)	102,924	45,038	65,758
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	79,996,548	234,113,669	19,570,945	54,901,456	520,495
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	230,660,416	1,048,992,700	53,763,266	239,515,827	1,311,564
Redemption of shares	(275,611,610)	(646,657,222)	(19,757,374)	(141,687,914)	(33,886)
Issue of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	(388,414)	4,789	6,943	-	133
Equalisation (note 12)	(45,339,608)	402,340,267	34,012,835	97,827,913	1,277,811
Dividends paid/accumulated (note 18)	(14,923,252)	(323,482)	(1,070,670)	-	(13,182)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	(60,262,860)	402,016,785	32,942,165	97,827,913	1,264,629
<b>NET ASSETS AT THE END OF THE PERIOD</b>	672,963,853	1,660,405,589	147,515,422	257,675,808	6,423,544
Portfolio Turnover Ratio (note 21)	63.93%	31.37%	164.77%	(2.87)%	1.73%

The accompanying notes form an integral

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2010 (CONTINUED)

Franklin Strategic Income Fund (USD)	Franklin Technology Fund (USD)	Franklin U.S. Dollar Liquid Reserve Fund (USD)	Franklin U.S. Equity Fund (USD)	Franklin U.S. Focus Fund (USD)	Franklin U.S. Government Fund (USD)	Franklin U.S. Opportunities Fund (USD)
191,900,788	264,049,900	267,260,935	665,871,864	8,945,646	2,498,161,733	879,151,288
-	-	-	-	-	-	-
191,900,788	264,049,900	267,260,935	665,871,864	8,945,646	2,498,161,733	879,151,288
435,831	287,278	-	3,564,644	61,658	-	2,706,320
5,829,205	6,784	584,996	15,088	137	58,959,913	15,057
105	167	-	123	-	47	196
-	-	-	-	-	-	-
274,753	-	-	-	-	-	-
23,708	1,269	-	12,302	-	-	239,898
6,563,602	295,498	584,996	3,592,157	61,795	58,959,960	2,961,471
804,922	1,506,888	360,604	2,956,928	44,493	7,069,001	5,345,044
292,663	354,384	171,279	735,253	12,196	2,773,762	1,279,496
59,749	75,868	12,106	123,804	1,680	476,819	245,091
19,856	7,050	4,429	12,892	271	53,998	24,509
12,263	14,911	13,706	26,232	7,237	83,088	41,384
2,898	106	1,012	2,701	301	3,430	3,505
371,701	563,564	86,332	903,799	9,086	1,409,621	1,781,511
-	-	-	-	-	807,922	-
266,984	29,366	158,283	169,664	-	1,297,914	186,908
267,062	12,250	51,846	113,272	-	382,003	130,044
190	245,628	147,628	426,906	15,227	694,860	426,604
26,176	41,640	29,538	74,280	1,171	295,436	133,070
2,124,464	2,851,655	1,036,763	5,545,731	91,662	15,347,854	9,597,166
(231,375)	-	-	-	(368)	(198,048)	-
1,893,089	2,851,655	1,036,763	5,545,731	91,294	15,149,806	9,597,166
4,670,513	(2,556,157)	(451,767)	(1,953,574)	(29,499)	43,810,154	(6,635,695)
2,560,368	13,241,733	-	18,664,983	517,939	5,595,610	17,848,927
200,550	-	-	4,525,041	538,014	430,497	1,437,589
167,692	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(79,519)	48,108	48	520,221	474	480	156,447
7,519,604	10,733,684	(451,719)	21,756,671	1,026,928	49,836,741	12,807,268
6,359,287	69,417,233	(314,241)	96,206,773	1,456,854	(25,256,461)	292,425,656
(1,276,109)	-	-	19,028	(50,127)	80,508	618,994
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,018,944	-	-	-	-	-	-
-	-	-	-	-	-	-
39,910	15,766	-	11,379	(50,122)	80,437	622,335
13,661,636	80,166,683	(765,960)	117,993,851	2,383,533	24,741,225	306,474,253
130,434,425	260,972,606	135,294,439	167,164,029	2,578,029	607,393,270	807,352,017
(55,699,300)	(198,065,669)	(181,905,041)	(336,617,345)	(3,274,027)	(710,484,221)	(360,396,764)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
178,955	-	397	(12,328)	(1,209)	(607,388)	-
74,914,080	62,906,937	(46,610,205)	(169,465,644)	(697,207)	(103,698,339)	446,955,253
(4,609,911)	-	(1,195)	(925,587)	-	(52,092,955)	-
70,304,169	62,906,937	(46,611,400)	(170,391,231)	(697,207)	(155,791,294)	446,955,253
275,866,593	407,123,520	219,883,575	613,474,484	10,631,972	2,367,111,664	1,632,580,794
28.61%	11.93%	N/A	70.90%	22.61%	35.40%	55.92%

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2010 (CONTINUED)

	Franklin U.S. Small-Mid Cap Growth Fund (USD)	Franklin U.S. Total Return Fund (USD)	Franklin U.S. Ultra Short Bond Fund (USD)	Franklin World Perspectives Fund (USD)	Franklin Mutual Beacon Fund (USD)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	37,277,528	56,575,483	156,448,721	32,889,202	1,208,336,071
Currency translation adjustment	-	-	-	-	-
	<u>37,277,528</u>	<u>56,575,483</u>	<u>156,448,721</u>	<u>32,889,202</u>	<u>1,208,336,071</u>
<b>INCOME</b>					
Dividends (net of withholding taxes)	122,063	315	-	310,959	21,661,687
Interest on bonds (net of withholding taxes)	859	1,187,105	2,503,435	389	1,288,290
Bank interest	-	33	49	1,202	39,955
Securities lending	-	-	-	-	912,171
Interest on swaps	-	35,577	-	-	-
Sundry income	20,188	1,460	-	-	182,637
<b>TOTAL INCOME</b>	<u>143,110</u>	<u>1,224,490</u>	<u>2,503,484</u>	<u>312,550</u>	<u>24,084,740</u>
<b>EXPENSES</b>					
Investment management fees (note 3)	214,941	218,741	580,250	172,748	6,147,279
Administration and transfer agency fees	69,661	75,274	208,549	41,061	1,510,281
Subscription tax (note 10)	10,646	14,151	46,914	7,030	271,112
Custodian fees	864	3,865	3,766	4,679	49,584
Audit, printing and publishing expenses	6,963	9,759	10,926	7,259	48,105
Bank charges	198	1,202	886	13	1,920
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	75,600	52,056	90,459	44,467	1,925,212
Class AX(acc) shares' maintenance charges (note 13)	-	-	113,888	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	36,259	29,429	42,559	3,268	620,005
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	22,673	18,822	107,760	1,558	241,126
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	21,086	38,177	206,968	35,885	1,032,644
Other charges	5,200	6,975	22,817	4,778	329,395
<b>TOTAL EXPENSES</b>	<u>464,091</u>	<u>468,451</u>	<u>1,435,742</u>	<u>322,746</u>	<u>12,176,663</u>
Expenses reimbursement (note 16)	-	(52,512)	(97,935)	(1,035)	-
<b>NET EXPENSES</b>	<u>464,091</u>	<u>415,939</u>	<u>1,337,807</u>	<u>321,711</u>	<u>12,176,663</u>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	(320,981)	808,551	1,165,677	(9,161)	11,908,077
Net realised profit/(loss) on sale of investments	2,739,983	(1,214,023)	(1,662,716)	2,256,074	(15,099,713)
Net realised profit/(loss) on forward foreign exchange contracts	-	92,388	-	-	(3,998,632)
Net realised profit/(loss) on financial futures contracts	-	81,505	-	-	-
Net realised profit/(loss) on credit default swaps	-	(24,840)	-	-	-
Net realised profit/(loss) on interest rate swaps	-	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	-	8,339	(41)	(5,427)	873,466
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	<u>2,419,002</u>	<u>(248,080)</u>	<u>(497,080)</u>	<u>2,241,486</u>	<u>(6,316,802)</u>
Change in net unrealised appreciation/(depreciation) on:					
Investments	9,040,584	2,898,323	1,183,784	6,026,851	221,172,430
Forward foreign exchange contracts	-	(222,455)	-	-	(13,467,291)
Financial futures contracts	-	(117,608)	-	-	-
Options contracts	-	-	-	-	(6,491)
Credit default swaps	-	87,860	-	-	-
Interest rate swaps	-	-	-	-	-
Foreign exchange transactions	-	11,754	-	6,818	(257,105)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<u>11,459,586</u>	<u>2,409,794</u>	<u>686,704</u>	<u>8,275,155</u>	<u>201,124,741</u>
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	38,458,519	22,434,407	146,487,069	4,287,043	326,153,261
Redemption of shares	(25,953,057)	(14,268,357)	(71,209,743)	(1,179,646)	(406,789,570)
Issue of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	-	40,772	81,099	(413)	(311,768)
	<u>12,505,462</u>	<u>8,206,822</u>	<u>75,358,425</u>	<u>3,106,984</u>	<u>(80,948,077)</u>
Dividends paid/accumulated (note 18)	-	(857,103)	(1,185,955)	(89,547)	(1,964,908)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	<u>12,505,462</u>	<u>7,349,719</u>	<u>74,172,470</u>	<u>3,017,437</u>	<u>(82,912,985)</u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<u>61,242,576</u>	<u>66,334,996</u>	<u>231,307,895</u>	<u>44,181,794</u>	<u>1,326,547,827</u>
Portfolio Turnover Ratio (note 21)	2.94%	329.04%	(52.03)%	127.05%	16.70%

The accompanying notes form an integral

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2010 (CONTINUED)

Franklin Mutual Euroland Fund (EUR)	Franklin Mutual European Fund (EUR)	Franklin Mutual Global Discovery Fund (USD)	Franklin Templeton Global Equity Strategies Fund (USD)	Franklin Templeton Global Fundamental Strategies Fund (USD)	Franklin Templeton Global Growth and Value Fund (USD)	Franklin Templeton Japan Fund (JPY)
9,222,542	2,591,062,545	860,956,429	55,677,687	458,235,313	64,486,472	7,225,256,114
-	-	-	-	-	-	-
9,222,542	2,591,062,545	860,956,429	55,677,687	458,235,313	64,486,472	7,225,256,114
61,639	17,579,707	7,484,967	536,062	2,668,222	528,640	53,851,481
3,523	-	796,086	19,348	5,386,475	-	-
-	398,071	44,076	2,156	262	7,372	-
5,424	5,368,073	1,568,511	-	-	49,771	-
-	-	-	-	-	-	-
-	197,283	694	-	-	993	-
70,586	23,543,134	9,894,334	557,566	8,054,959	586,776	53,851,481
44,740	12,954,607	4,625,891	410,010	2,624,949	363,781	33,157,916
11,045	3,143,059	1,187,791	118,126	746,520	103,750	11,551,844
1,745	553,045	201,165	16,910	135,332	16,844	1,490,064
785	211,781	59,957	9,782	72,824	5,979	548,898
4,389	92,339	38,729	7,625	22,704	8,444	759,020
-	470	615	105	43	-	-
13,210	4,316,228	1,097,114	164,004	1,289,438	134,793	12,940,676
-	-	-	-	-	-	-
-	327,325	300,675	-	2,105	13,100	369,965
-	121,208	448,758	-	852	17,272	453,058
3,799	1,667,269	1,111,613	-	51,728	32,124	7,456,024
1,196	378,065	119,269	7,874	60,455	9,599	895,117
80,909	23,765,396	9,191,577	734,436	5,006,950	705,686	69,622,582
(807)	-	-	-	-	(41)	(3,110)
80,102	23,765,396	9,191,577	734,436	5,006,950	705,645	69,619,472
(9,516)	(222,262)	702,757	(176,870)	3,048,009	(118,869)	(15,767,991)
722,982	49,448,339	18,808,298	2,216,713	6,527,831	985,442	(442,897,475)
-	67,720	2,430,402	652,686	8,054,142	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,762	(1,234,209)	895,875	(2,553)	84,375	19,966	3,367,905
715,228	48,059,588	22,837,332	2,689,976	17,714,357	886,539	(455,297,561)
266,010	181,136,303	148,188,193	10,590,434	61,645,460	13,543,104	859,369,965
-	(2,294)	2,369,999	(71,535)	1,976,513	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(3,008)	397,763	2,656,802	(51,508)	3,213,700	4,640	517,698
978,230	229,591,360	176,052,326	13,157,367	84,550,030	14,434,283	404,590,102
2,936,473	763,258,185	322,486,117	5,828,240	54,549,752	34,605,446	2,290,933,785
(3,458,739)	(627,476,756)	(265,297,590)	(5,827,948)	(32,296,496)	(16,816,051)	(3,378,986,910)
-	-	-	-	-	-	-
(10)	(12,588)	(22,673)	-	27,543	14,060	(15,472)
(522,276)	135,768,841	57,165,854	292	22,280,799	17,803,455	(1,088,068,597)
(73,004)	(23,728,928)	(3,693,491)	-	(7,567,465)	(191,900)	(1,064,959)
(595,280)	112,039,913	53,472,363	292	14,713,334	17,611,555	(1,089,133,556)
9,605,492	2,932,693,818	1,090,481,118	68,835,346	557,498,677	96,532,310	6,540,712,660
16.22%	10.09%	39.79%	28.81%	28.12%	(19.14)%	235.06%

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2010 (CONTINUED)

	Templeton Asian Bond Fund (USD)	Templeton Asian Growth Fund (USD)	Templeton Asian Smaller Companies Fund (USD)	Templeton BRIC Fund (USD)	Templeton China Fund (USD)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	2,279,041,816	10,393,185,887	37,740,758	2,611,189,819	936,951,071
Currency translation adjustment	-	-	-	-	-
	<u>2,279,041,816</u>	<u>10,393,185,887</u>	<u>37,740,758</u>	<u>2,611,189,819</u>	<u>936,951,071</u>
<b>INCOME</b>					
Dividends (net of withholding taxes)	-	134,039,384	623,966	26,055,388	10,101,196
Interest on bonds (net of withholding taxes)	54,591,316	599,386	237	-	-
Bank interest	697,071	851,658	495	158,124	51,028
Securities lending	-	-	-	-	-
Interest on swaps	-	-	-	-	-
Sundry income	-	-	-	-	-
<b>TOTAL INCOME</b>	<u>55,288,387</u>	<u>135,490,428</u>	<u>624,698</u>	<u>26,213,512</u>	<u>10,152,224</u>
<b>EXPENSES</b>					
Investment management fees (note 3)	10,875,749	80,651,994	575,651	23,914,239	9,617,131
Administration and transfer agency fees	3,165,072	14,424,754	107,214	3,780,291	1,404,026
Subscription tax (note 10)	751,289	2,654,844	22,235	756,423	305,661
Custodian fees	736,739	4,676,885	24,553	785,466	250,595
Audit, printing and publishing expenses	95,624	391,232	8,763	97,725	41,530
Bank charges	95	12,404	23	-	-
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	3,350,017	18,917,307	165,617	5,904,197	2,596,493
Class AX(acc) shares' maintenance charges (note 13)	-	-	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	485,867	987,618	11,407	1,454,475	1,542
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	475,712	846,268	-	606,516	185,365
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	708,791	3,793,101	-	1,357,313	350,439
Other charges	641,628	1,493,179	9,257	419,606	136,773
<b>TOTAL EXPENSES</b>	<u>21,286,583</u>	<u>128,849,586</u>	<u>924,720</u>	<u>39,076,251</u>	<u>14,889,555</u>
Expenses reimbursement (note 16)	(42,123)	(214,031)	(259)	(108,858)	(530)
<b>NET EXPENSES</b>	<u>21,244,460</u>	<u>128,635,555</u>	<u>924,461</u>	<u>38,967,393</u>	<u>14,889,025</u>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	34,043,927	6,854,873	(299,763)	(12,753,881)	(4,736,801)
Net realised profit/(loss) on sale of investments	10,378,351	83,503,563	2,526,773	58,793,824	6,325,557
Net realised profit/(loss) on forward foreign exchange contracts	(367,403)	20,499,765	-	3,942,310	-
Net realised profit/(loss) on financial futures contracts	(5,575)	-	-	-	-
Net realised profit/(loss) on credit default swaps	-	-	-	-	-
Net realised profit/(loss) on interest rate swaps	-	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	966,808	(3,961,508)	61,358	(813,362)	(228,604)
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	<u>45,016,108</u>	<u>106,896,693</u>	<u>2,288,368</u>	<u>49,168,891</u>	<u>1,360,152</u>
Change in net unrealised appreciation/(depreciation) on:					
Investments	152,213,916	3,155,260,729	19,652,697	671,808,191	234,113,958
Forward foreign exchange contracts	21,215,542	63,923	-	356,372	-
Financial futures contracts	6,039	-	-	-	-
Options contracts	-	-	-	-	-
Credit default swaps	-	-	-	-	-
Interest rate swaps	-	-	-	-	-
Foreign exchange transactions	2,885,170	(88,239)	(1,812)	353,953	28,180
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<u>221,336,775</u>	<u>3,262,133,106</u>	<u>21,939,253</u>	<u>721,687,407</u>	<u>235,502,290</u>
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	1,651,247,298	6,547,574,216	174,553,740	707,365,696	957,731,116
Redemption of shares	(570,153,593)	(3,194,354,937)	(53,839,852)	(777,286,814)	(585,485,606)
Issue of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	1,472,936	5,972,694	174,703	(1,360)	449,048
	<u>1,082,566,641</u>	<u>3,359,191,973</u>	<u>120,888,591</u>	<u>(69,922,478)</u>	<u>372,694,558</u>
Dividends paid/accumulated (note 18)	(32,897,566)	(49,397,801)	(230,761)	(1,097,522)	(543,775)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	<u>1,049,669,075</u>	<u>3,309,794,172</u>	<u>120,657,830</u>	<u>(71,020,000)</u>	<u>372,150,783</u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<u>3,550,047,666</u>	<u>16,965,113,165</u>	<u>180,337,841</u>	<u>3,261,857,226</u>	<u>1,544,604,144</u>
Portfolio Turnover Ratio (note 21)	(38.71)%	(22.90)%	(135.73)%	11.75%	(35.07)%

The accompanying notes form an integral

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2010 (CONTINUED)

Templeton Eastern Europe Fund (EUR)	Templeton Emerging Markets Fund (USD)	Templeton Emerging Markets Bond Fund (USD)	Templeton Emerging Markets Smaller Companies Fund (USD)	Templeton Euro Government Bond Fund (EUR)	Templeton Euro High Yield Fund (EUR)	Templeton Euro Liquid Reserve Fund (EUR)
711,325,555	1,007,586,053	4,111,146,203	295,588,749	18,498,000	400,893,844	107,927,433
-	-	-	-	-	-	-
711,325,555	1,007,586,053	4,111,146,203	295,588,749	18,498,000	400,893,844	107,927,433
2,563,394	13,896,836	-	4,536,064	-	16,074	-
213,488	32,245	184,162,673	6,529	316,606	16,892,544	935,392
53,209	35,884	477,288	59	1,180	65,843	9,047
-	-	-	-	-	-	-
-	-	367,231	-	-	2,778	-
-	-	-	-	24	73,812	-
2,830,091	13,964,965	185,007,192	4,542,652	317,810	17,051,051	944,439
6,544,943	9,529,359	23,913,151	2,866,850	51,688	1,689,719	157,529
1,114,974	1,530,176	6,310,092	430,159	27,708	474,784	91,150
191,714	305,158	1,140,571	88,473	5,134	97,291	5,331
462,760	380,413	1,704,233	174,822	772	14,940	4,417
30,450	41,776	157,747	17,523	6,758	20,424	7,649
740	-	2,310	609	-	-	-
1,661,808	2,385,387	6,837,914	724,114	11,945	608,025	31,740
-	-	-	-	-	-	-
373,161	637,224	6,907,112	-	-	83,546	-
31,873	246,257	517,954	36,437	-	-	-
239,646	449,208	1,281,671	87,203	32,557	322,476	200,872
124,197	156,512	576,950	41,969	2,400	51,717	12,803
10,776,266	15,661,470	49,349,705	4,468,159	138,962	3,362,922	511,491
(22,787)	(3,189)	(46,982)	(28,242)	(13)	-	-
10,753,479	15,658,281	49,302,723	4,439,917	138,949	3,362,922	511,491
(7,923,388)	(1,693,316)	135,704,469	102,735	178,861	13,688,129	432,948
4,685,675	23,351,692	(5,421,010)	7,384,016	121,184	7,598,335	(111,428)
-	-	24,631,832	-	-	5,694,376	-
-	-	(5,575)	-	-	-	-
-	-	-	-	-	-	-
-	-	13,418,987	-	-	-	-
(484,641)	(24,098)	4,968,403	(137,383)	-	(18,551)	-
(3,722,354)	21,634,278	173,297,106	7,349,368	300,045	26,962,289	321,520
147,439,636	264,691,546	243,783,271	90,445,713	(658,811)	9,547,584	40,275
-	-	(26,406,552)	-	-	1,351,302	-
-	-	6,039	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	12,201	-
-	-	(11,282,193)	-	-	-	-
71,373	81,624	1,496,174	243,697	-	(166,263)	-
143,788,655	286,407,448	380,893,845	98,038,778	(358,766)	37,707,113	361,795
553,033,205	259,379,365	3,079,451,796	181,372,668	11,896,081	170,803,557	101,083,674
(334,235,223)	(239,136,651)	(1,542,913,088)	(86,595,394)	(8,787,212)	(105,113,797)	(109,977,675)
-	-	-	-	-	-	-
18,257	(2,060)	11,766,831	149,487	6,786	342,810	(17,972)
218,816,239	20,240,654	1,548,305,539	94,926,761	3,115,655	66,032,570	(8,911,973)
(121,508)	(348,966)	(128,382,704)	(1,519,337)	(418,104)	(20,264,525)	(246,083)
218,694,731	19,891,688	1,419,922,835	93,407,424	2,697,551	45,768,045	(9,158,056)
1,073,808,941	1,313,885,189	5,911,962,883	487,034,951	20,836,785	484,369,002	99,131,172
(19.12)%	13.40%	(27.57)%	5.85%	85.66%	84.96%	N/A

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## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2010 (CONTINUED)

	Templeton Euro Money Market Fund (EUR)	Templeton Euroland Fund (EUR)	Templeton European Fund (EUR)	Templeton European Corporate Bond Fund (EUR)	Templeton European Total Return Fund (EUR)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	24,421,190	132,622,294	117,182,884	10,850,259	70,690,229
Currency translation adjustment	-	-	-	-	-
	24,421,190	132,622,294	117,182,884	10,850,259	70,690,229
<b>INCOME</b>					
Dividends (net of withholding taxes)	-	517,215	879,872	-	2,305
Interest on bonds (net of withholding taxes)	77,456	-	-	223,469	1,524,559
Bank interest	4,687	2,566	1,731	615	3,953
Securities lending	-	352,891	173,164	-	-
Interest on swaps	-	-	-	-	-
Sundry income	-	-	21,231	563	3,000
<b>TOTAL INCOME</b>	82,143	872,672	1,075,998	224,647	1,533,817
<b>EXPENSES</b>					
Investment management fees (note 3)	25,872	639,048	606,956	25,511	271,675
Administration and transfer agency fees	13,376	183,985	160,514	11,655	89,083
Subscription tax (note 10)	1,263	26,711	29,169	1,167	17,457
Custodian fees	1,132	13,844	10,983	487	6,673
Audit, printing and publishing expenses	4,389	9,259	8,750	4,752	8,694
Bank charges	-	-	-	-	-
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	1,622	245,213	289,723	1,569	59,396
Class AX(acc) shares' maintenance charges (note 13)	-	-	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	-	1,853	-	-	-
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	-	1,062	1,652	-	3,479
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	-	44,693	27,785	5,806	153,235
Other charges	3,259	16,686	14,677	1,338	8,931
<b>TOTAL EXPENSES</b>	50,913	1,182,354	1,150,209	52,285	618,623
Expenses reimbursement (note 16)	(21,714)	-	-	(4,580)	(109,902)
<b>NET EXPENSES</b>	29,199	1,182,354	1,150,209	47,705	508,721
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	52,944	(309,682)	(74,211)	176,942	1,025,096
Net realised profit/(loss) on sale of investments	-	783,970	3,451,961	(68,280)	524,859
Net realised profit/(loss) on forward foreign exchange contracts	-	-	-	9,673	(3,024)
Net realised profit/(loss) on financial futures 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	-	(4,365)	(28,548)	(93)	4,696
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	52,944	469,923	3,349,202	118,242	1,551,627
Change in net unrealised appreciation/(depreciation) on:					
Investments	-	9,874,928	8,330,690	1,394	(1,110,455)
Forward foreign exchange contracts	-	-	-	5,939	739,460
Financial futures contracts	-	-	-	-	-
Options contracts	-	-	-	-	-
Credit default swaps	-	-	-	-	-
Interest rate swaps	-	-	-	-	-
Foreign exchange transactions	-	802	(9,164)	(57)	5,951
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	52,944	10,345,653	11,670,728	125,518	1,186,583
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	2,024,039	9,580,741	10,219,169	667,494	17,093,850
Redemption of shares	(2,299,434)	(31,293,688)	(17,197,591)	(27,627)	(19,829,121)
Issue of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	(1,924)	(38,693)	(3,211)	4,442	(5,870)
	(277,319)	(21,751,640)	(6,981,633)	644,309	(2,741,141)
Dividends paid/accumulated (note 18)	(58,762)	(1,759,755)	(1,369,576)	(50,900)	(1,073,480)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	(336,081)	(23,511,395)	(8,351,209)	593,409	(3,814,621)
<b>NET ASSETS AT THE END OF THE PERIOD</b>	24,138,053	119,456,552	120,502,403	11,569,186	68,062,191
Portfolio Turnover Ratio (note 21)	N/A	19.00%	46.99%	40.57%	114.56%

\*\*This Fund was launched on October 29, 2010

The accompanying notes form an integral

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2010 (CONTINUED)

Templeton Frontier Markets Fund (USD)	Templeton Global Fund (USD)	Templeton Global (Euro) Fund (EUR)	Templeton Global Aggregate Bond Fund** (USD)	Templeton Global Balanced Fund (USD)	Templeton Global Bond Fund (USD)	Templeton Global Bond (Euro) Fund (EUR)
355,478,066	925,156,864	542,441,391	-	658,907,869	26,724,456,688	347,872,646
-	-	-	-	-	-	-
355,478,066	925,156,864	542,441,391	-	658,907,869	26,724,456,688	347,872,646
4,005,659	6,585,136	3,325,943	-	3,635,369	-	-
2,481	-	-	40,863	4,536,182	750,453,195	6,905,071
2,423	14,911	10,661	468	16,890	3,255,463	129,566
-	1,723,206	496,850	-	976,719	-	-
-	-	-	-	-	982,591	-
-	55,100	27,373	-	42,303	76,444	-
4,010,563	8,378,353	3,860,827	41,331	9,207,463	754,767,693	7,034,637
4,521,493	4,897,459	2,766,262	8,645	2,847,437	117,175,312	1,567,167
680,282	1,297,346	768,120	3,779	1,073,368	34,146,425	444,558
138,291	221,047	130,738	448	181,060	8,119,150	112,144
608,285	75,585	36,011	171	81,815	8,925,973	61,136
24,506	36,794	22,173	5,156	29,002	937,502	17,970
1,161	-	416	-	-	945	875
840,872	1,897,094	1,341,806	1,487	1,427,041	30,271,337	430,779
-	-	-	-	-	1,774,480	-
3,935	407,644	40	-	775,561	10,535,843	1,542
5,177	94,176	-	-	198,571	8,136,158	-
484,874	190,229	24,580	1,654	88,210	24,605,369	621,359
64,106	120,169	66,487	347	86,435	3,831,279	47,893
7,372,982	9,237,543	5,156,633	21,687	6,788,500	248,459,773	3,305,423
(59,692)	-	-	(5,443)	(258)	(70,070)	(43,001)
7,313,290	9,237,543	5,156,633	16,244	6,788,242	248,389,703	3,262,422
(3,302,727)	(859,190)	(1,295,806)	25,087	2,419,221	506,377,990	3,772,215
3,080,725	15,302,427	2,927,805	(25,268)	7,720,124	169,503,609	476,931
4,734,682	-	84,330	(290,024)	(2,718,705)	706,114,885	(8,016,670)
-	-	-	-	-	(5,575)	(4,473)
-	-	-	-	-	-	-
-	-	-	-	-	61,607,737	-
(876,400)	173,117	53,829	(58,582)	309,704	3,612,799	145,094
3,636,280	14,616,354	1,770,158	(348,787)	7,730,344	1,447,211,445	(3,626,903)
102,369,577	184,617,462	41,340,641	(441,902)	101,545,901	2,018,609,675	(5,086,178)
(302,266)	-	30,476	187,688	2,685,327	(473,335,282)	12,070,914
-	-	-	-	-	6,039	4,717
-	-	-	-	-	-	-
-	-	-	-	-	(44,164,661)	-
(318,797)	36,987	(351,555)	102,170	385,416	4,688,069	(159,204)
105,384,794	199,270,803	42,789,720	(500,831)	112,346,988	2,953,015,285	3,203,346
655,121,255	120,329,373	27,725,775	11,406,354	45,066,211	13,384,780,596	220,458,167
(166,008,189)	(161,092,289)	(47,234,566)	-	(100,650,007)	(6,700,237,891)	(108,748,739)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
28,651	108,384	(28,240)	407	(39,999)	14,982,617	428,401
489,141,717	(40,654,532)	(19,537,031)	11,406,761	(55,623,795)	6,699,525,322	112,137,829
(2,077,781)	(5,519,076)	(2,331,878)	(12)	(5,780,179)	(494,404,645)	(14,023,033)
487,063,936	(46,173,608)	(21,868,909)	11,406,749	(61,403,974)	6,205,120,677	98,114,796
947,926,796	1,078,254,059	563,362,202	10,905,918	709,850,883	35,882,592,650	449,190,788
(26.75)%	38.77%	44.81%	42.75%	10.89%	(14.39)%	(44.27)%

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## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2010 (CONTINUED)

	Templeton Global Equity Income Fund (USD)	Templeton Global High Yield Fund (USD)	Templeton Global Income Fund (USD)	Templeton Global Smaller Companies Fund (USD)	Templeton Global Total Return Fund (USD)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	90,904,876	57,991,912	186,043,619	237,574,862	9,247,942,075
Currency translation adjustment	-	-	-	-	-
	90,904,876	57,991,912	186,043,619	237,574,862	9,247,942,075
<b>INCOME</b>					
Dividends (net of withholding taxes)	1,251,327	99,384	1,724,763	1,891,384	51,638
Interest on bonds (net of withholding taxes)	-	2,490,716	2,579,571	-	335,162,546
Bank interest	1,679	33	33,490	35,443	45,855
Securities lending	276,723	-	-	-	-
Interest on swaps	-	39,691	-	-	1,078,396
Sundry income	8,656	3,896	1,948	346,426	1,292,757
<b>TOTAL INCOME</b>	1,538,385	2,633,720	4,339,772	2,273,253	337,631,192
<b>EXPENSES</b>					
Investment management fees (note 3)	500,790	281,132	945,015	1,391,116	42,983,596
Administration and transfer agency fees	131,355	80,118	260,913	342,991	12,406,455
Subscription tax (note 10)	24,952	17,743	58,176	66,188	3,030,229
Custodian fees	10,802	11,167	30,608	36,447	3,321,291
Audit, printing and publishing expenses	9,521	8,564	12,931	14,428	362,416
Bank charges	658	181	-	-	1,254
Class A(dis) and Class A(acc) shares' maintenance charges (note 13)	227,427	120,727	335,075	606,877	11,551,776
Class AX(acc) shares' maintenance charges (note 13)	-	-	-	-	-
Class B(dis) and Class B(acc) shares' maintenance and service charges (note 13)	67,117	-	168,542	23,615	1,865,017
Class C(dis) and Class C(acc) shares' maintenance and service charges (note 13)	3,352	-	184,346	7,830	2,558,520
Class N(dis) and Class N(acc) shares' distribution charges (note 13)	7,017	70,296	140,948	65,844	10,360,138
Other charges	11,995	7,965	25,468	32,731	1,306,028
<b>TOTAL EXPENSES</b>	994,986	597,893	2,162,022	2,588,067	89,746,720
Expenses reimbursement (note 16)	(190,718)	-	(214,682)	-	(1,633,599)
<b>NET EXPENSES</b>	804,268	597,893	1,947,340	2,588,067	88,113,121
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	734,117	2,035,827	2,392,432	(314,814)	249,518,071
Net realised profit/(loss) on sale of investments	(407,096)	503,352	(1,496,409)	10,486,701	29,574,630
Net realised profit/(loss) on forward foreign exchange contracts	-	(151,285)	(626,419)	-	199,479,018
Net realised profit/(loss) on financial futures contracts	-	(5,575)	(5,575)	-	(5,575)
Net realised profit/(loss) on credit default swaps	-	25,012	-	-	-
Net realised profit/(loss) on interest rate swaps	-	-	-	-	41,150,885
Net realised profit/(loss) on foreign exchange transactions	(33,339)	(2,752)	(261,084)	(833)	12,057,730
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	293,682	2,404,579	2,945	10,171,054	531,774,759
Change in net unrealised appreciation/(depreciation) on:					
Investments	18,591,387	3,538,835	29,970,353	59,573,644	742,763,585
Forward foreign exchange contracts	-	(538,085)	1,576,598	-	(11,266,063)
Financial futures contracts	-	6,039	6,039	-	6,039
Options contracts	-	-	-	-	-
Credit default swaps	-	178,335	-	-	-
Interest rate swaps	-	-	-	-	(35,448,414)
Foreign exchange transactions	16,095	3,118	58,916	(10,807)	69,279,725
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	18,901,164	5,592,821	31,614,851	69,733,891	1,297,109,631
<b>MOVEMENT OF CAPITAL</b>					
Issue of shares	9,560,868	53,514,372	101,261,740	143,512,467	6,481,523,943
Redemption of shares	(19,715,440)	(28,288,196)	(40,916,449)	(120,913,527)	(3,013,667,074)
Issue of shares in course of merger	-	-	-	-	-
Redemption of shares in course of merger	-	-	-	-	-
Equalisation (note 12)	(15,720)	97,459	174,042	12,843	8,986,339
	(10,170,292)	25,323,635	60,519,333	22,611,783	3,476,843,208
Dividends paid/accumulated (note 18)	(1,543,921)	(2,030,003)	(2,939,051)	(322,958)	(242,526,877)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	(11,714,213)	23,293,632	57,580,282	22,288,825	3,234,316,331
<b>NET ASSETS AT THE END OF THE PERIOD</b>	98,091,827	86,878,365	275,238,752	329,597,578	13,779,368,037
Portfolio Turnover Ratio (note 21)	4.44%	(51.62)%	18.47%	(60.14)%	(1.30)%

The accompanying notes form an integral

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2010 (CONTINUED)

Templeton Growth (Euro) Fund (EUR)	Templeton Korea Fund (USD)	Templeton Latin America Fund (USD)	Templeton Thailand Fund (USD)	Templeton U.S. Value Fund (USD)
4,490,061,960	82,332,757	3,000,450,731	149,863,578	30,343,326
-	-	-	-	-
4,490,061,960	82,332,757	3,000,450,731	149,863,578	30,343,326
32,287,004	131,478	34,349,260	2,610,744	176,349
906,799	-	-	-	722
135,950	3,685	90,858	6,520	-
7,340,484	-	-	-	-
-	-	-	-	-
-	-	-	-	8,626
40,670,237	135,163	34,440,118	2,617,264	185,697
23,243,208	786,493	23,599,719	1,389,980	143,976
6,468,666	152,911	4,156,029	221,227	41,423
1,122,897	24,890	758,207	44,642	4,892
308,260	32,746	1,114,141	47,093	698
149,325	8,572	112,323	10,786	7,967
2,929	-	590	5,870	524
11,549,957	224,999	5,967,451	389,089	26,767
-	-	-	-	-
1,814	-	1,020,843	38,420	7,786
108	1,890	140,158	-	7,990
144,425	30,249	923,634	44,007	17,932
551,467	11,609	411,107	20,436	4,071
43,543,056	1,274,359	38,204,202	2,211,550	264,026
-	(307)	(6,299)	(163)	-
43,543,056	1,274,052	38,197,903	2,211,387	264,026
(2,872,819)	(1,138,889)	(3,757,785)	405,877	(78,329)
39,705,154	5,411,353	88,089,473	9,326,879	1,586,303
63,451	-	3,493,949	-	(25,850)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(2,025,341)	10,967	(4,447,901)	28,587	736
34,870,445	4,283,431	83,377,736	9,761,343	1,482,860
462,793,294	29,626,419	828,162,446	40,285,436	4,792,985
28,443	-	87,692	-	46,974
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(1,550,719)	(5,047)	488,107	(1,046)	46,984
496,141,463	33,904,803	912,115,981	50,045,733	6,369,803
198,648,472	78,590,726	1,589,207,068	168,930,468	20,130,746
(259,005,017)	(81,386,622)	(1,306,555,073)	(162,526,612)	(21,037,191)
-	-	-	-	-
-	-	-	-	-
(56,862)	-	305,704	161,290	(942)
(60,413,407)	(2,795,896)	282,957,699	6,565,146	(907,387)
(19,777,537)	(10,340)	(18,274,741)	(1,199,047)	(59,897)
(80,190,944)	(2,806,236)	264,682,958	5,366,099	(967,284)
4,906,012,479	113,431,324	4,177,249,670	205,275,410	35,745,845
8.92%	(39.58)%	(10.77)%	(100.99)%	3.63%

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All classes in base currency unless otherwise stated

	Total Expense Ratio Dec 31, 2010 (see Note 17)	Shares Outstanding Dec 31, 2010	Net Asset Value per Share		
			Dec 31, 2010	Jun 30, 2010	Jun 30, 2009
<b>Franklin Asian Flex Cap Fund – USD</b>					
Franklin Asian Flex Cap – A (Acc)	2.00%	464,136.548	13.82	11.58	9.95
Franklin Asian Flex Cap – A (Acc) – SGD	1.95%	3,696.878	7.91	7.22	6.42
Franklin Asian Flex Cap – A (Ydis)	2.00%	178,447.490	13.72	11.50	9.94
Franklin Asian Flex Cap – A (Ydis) – GBP	2.00%	105,514.633	8.79	7.70	6.04
Franklin Asian Flex Cap – B (Acc)	3.24%	631,903.374	13.12	11.07	9.63
Franklin Asian Flex Cap – C (Acc)	2.60%	47,707.900	13.43	11.29	9.76
Franklin Asian Flex Cap – I (Acc)	0.99%	141,757.284	14.45	12.05	10.26
Franklin Asian Flex Cap – I (Ydis)	1.00%	99,700.000	13.84	11.66	10.06
Franklin Asian Flex Cap – N (Acc)	2.75%	91,413.682	13.38	11.26	9.74
<b>Franklin Biotechnology Discovery Fund – USD</b>					
Franklin Biotechnology Discovery – A (Acc)	2.02%	8,744,490.046	10.21	8.28	8.02
Franklin Biotechnology Discovery – A (Acc) – SGD	2.02%	1,414,274.728	9.55	8.44	8.46
Franklin Biotechnology Discovery – B (Acc)	3.32%	393,108.576	8.92	7.28	7.14
Franklin Biotechnology Discovery – C (Acc)	2.59%	72,899.974	12.60	10.25	9.97
Franklin Biotechnology Discovery – I (Acc)	1.00%	436,802.338	14.47	11.67	11.21
Franklin Biotechnology Discovery – N (Acc)	2.76%	539,311.009	9.35	7.61	7.42
<b>Franklin Euroland Core Fund – EUR</b>					
Franklin Euroland Core – A (Acc)	1.86%	195,586.167	13.52	12.11	10.48
Franklin Euroland Core – A (Acc) – USD	1.86%	178,930.801	14.23	11.66	11.57
Franklin Euroland Core – I (Acc)	0.95%	638,569.604	13.77	12.28	10.53
Franklin Euroland Core – I (Acc) – USD	0.95%	811,047.233	14.51	11.83	11.63
Franklin Euroland Core – N (Acc)	2.61%	50,214.406	13.31	11.96	10.43
<b>Franklin European Growth Fund – EUR</b>					
Franklin European Growth – A (Acc)	1.82%	21,836,632.881	10.02	8.68	6.90
Franklin European Growth – A (Ydis) – GBP	1.84%	5,606.362	11.94	9.93	–
Franklin European Growth – I (Acc)	0.96%	7,685,269.477	18.82	16.24	12.80
Franklin European Growth – N (Acc)	2.58%	5,867,494.587	9.27	8.06	6.46
<b>Franklin European Small-Mid Cap Growth Fund – EUR</b>					
Franklin European Small-Mid Cap Growth – A (Acc)	1.85%	9,470,414.234	21.48	18.58	14.66
Franklin European Small-Mid Cap Growth – A (Acc) – USD	1.85%	185,235.888	28.75	22.74	20.57
Franklin European Small-Mid Cap Growth – A (Ydis) – GBP	1.87%	8,772.861	12.04	9.98	–
Franklin European Small-Mid Cap Growth – B (Acc) – USD	3.14%	21,131.531	28.45	22.65	20.76
Franklin European Small-Mid Cap Growth – I (Acc)	0.96%	6,829,815.151	24.49	21.09	16.49
Franklin European Small-Mid Cap Growth – I (Acc) – USD	0.97%	3,353,650.694	32.75	25.79	23.13
Franklin European Small-Mid Cap Growth – N (Acc)	2.60%	1,243,599.013	20.79	18.05	14.35
<b>Franklin Global Growth Fund – USD</b>					
Franklin Global Growth – A (Acc)	1.88%	3,312,762.462	11.10	9.08	7.92
Franklin Global Growth – A (Acc) – EUR	1.92%	4,474.619	10.55	9.45	–
Franklin Global Growth – A (Acc) – EUR hedged (H1)	1.89%	81,834.370	11.33	9.35	–
Franklin Global Growth – A (Acc) – GBP	1.91%	343.950	10.63	9.08	–
Franklin Global Growth – A (Acc) – SGD	1.91%	685.200	10.03	8.95	–
Franklin Global Growth – I (Acc)	0.98%	7,215,636.049	9.30	7.57	6.54
Franklin Global Growth – I (Acc) – EUR	0.98%	404.106	10.62	9.46	–
Franklin Global Growth – I (Acc) – EUR hedged (H1)	0.96%	80,821.140	11.39	9.36	–
Franklin Global Growth – N (Acc)	2.64%	770,637.688	10.28	8.44	7.42
Franklin Global Growth – N (Acc) – EUR	2.65%	404.106	10.51	9.44	–
<b>Franklin Global Real Estate Fund – USD</b>					
Franklin Global Real Estate – A (Acc)	1.91%	5,071,217.860	8.57	7.01	5.38
Franklin Global Real Estate – A (Acc) – EUR hedged (H1)	1.90%	1,114,746.168	11.40	–	–
Franklin Global Real Estate – A (Qdis)	1.91%	1,808,081.342	7.81	6.43	5.04
Franklin Global Real Estate – A (Qdis) – SGD	1.91%	3,758.588	5.95	5.34	4.33
Franklin Global Real Estate – A (Ydis) – EUR hedged (H1)	1.90%	178,107.093	11.38	–	–
Franklin Global Real Estate – A (Ydis) – EUR hedged (H2)	1.93%	236,099.640	11.01	–	–
Franklin Global Real Estate – B (Qdis)	3.22%	786,140.374	7.77	6.40	5.02
Franklin Global Real Estate – C (Qdis)	2.49%	1,833,186.937	7.80	6.42	5.03
Franklin Global Real Estate – I (Acc)	1.00%	141,228.854	8.96	7.30	5.56
Franklin Global Real Estate – I (Qdis)	1.00%	350,187.260	7.82	6.44	5.04
Franklin Global Real Estate – N (Acc)	2.66%	1,005,396.402	8.25	6.78	5.24
Franklin Global Real Estate – N (Acc) – EUR hedged (H1)	2.65%	438,147.429	11.36	–	–
Franklin Global Real Estate – N (Qdis)	2.66%	59,668.936	7.82	6.44	5.04

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio Dec 31, 2010 (see Note 17)	Shares Outstanding Dec 31, 2010	Net Asset Value per Share		
			Dec 31, 2010	Jun 30, 2010	Jun 30, 2009
<b>Franklin Global Small-Mid Cap Growth Fund – USD</b>					
Franklin Global Small-Mid Cap Growth – A (Acc)	1.88%	2,769,506.107	22.26	17.78	14.96
Franklin Global Small-Mid Cap Growth – B (Acc)	3.19%	98,595.746	19.80	15.92	13.57
Franklin Global Small-Mid Cap Growth – I (Acc)	1.00%	169,672.051	11.82	9.40	7.84
Franklin Global Small-Mid Cap Growth – N (Acc)	2.64%	349,861.642	20.67	16.57	14.05
<b>Franklin Gold and Precious Metals Fund – USD</b>					
Franklin Gold and Precious Metals – A (Acc)	1.96%	1,260,873.149	13.00	9.75	–
Franklin Gold and Precious Metals – A (Acc) – EUR	1.94%	477,890.946	12.95	10.61	–
Franklin Gold and Precious Metals – A (Acc) – EUR hedged (H1)	1.93%	198,005.828	12.92	9.72	–
Franklin Gold and Precious Metals – A (Acc) – HKD	1.93%	1,907,853.741	13.03	9.77	–
Franklin Gold and Precious Metals – A (Acc) – SGD	1.95%	1,232,052.646	12.18	9.95	–
Franklin Gold and Precious Metals – A (Acc) – CHF hedged (H1)	1.94%	248,552.815	11.21	–	–
Franklin Gold and Precious Metals – A (Acc) – SEK hedged (H1)	1.87%	698,541.812	10.19	–	–
Franklin Gold and Precious Metals – A (Ydis) – EUR	1.93%	7,926.474	12.95	10.61	–
Franklin Gold and Precious Metals – A (Ydis) – EUR hedged (H1)	1.92%	79,169.440	12.94	9.72	–
Franklin Gold and Precious Metals – I (Acc)	1.02%	249,343.558	13.09	9.76	–
Franklin Gold and Precious Metals – I (Ydis)	1.00%	125,000.000	13.09	9.76	–
Franklin Gold and Precious Metals – N (Acc)	2.78%	338,008.692	12.95	9.73	–
Franklin Gold and Precious Metals – N (Acc) – EUR	2.72%	100,568.707	12.88	10.60	–
<b>Franklin High Yield Fund – USD</b>					
Franklin High Yield – A (Acc)	1.55%	6,975,152.760	13.19	12.07	10.05
Franklin High Yield – A (Mdis)	1.55%	303,470,685.759	6.85	6.48	5.79
Franklin High Yield – A (Mdis) – SGD hedged (H1)	1.55%	5,297,811.992	8.72	8.29	7.42
Franklin High Yield – B (Mdis)	2.96%	87,934,406.360	6.89	6.52	5.82
Franklin High Yield – C (Acc)	2.23%	1,540,013.464	17.64	16.19	13.58
Franklin High Yield – I (Acc)	0.80%	14,591,807.470	13.21	12.04	9.95
Franklin High Yield – I (Mdis)	0.80%	9,834,254.750	10.76	10.20	9.10
Franklin High Yield – N (Acc)	2.16%	2,544,131.786	14.20	13.03	10.91
Franklin High Yield – Z (Mdis)	1.13%	500.000	10.09	–	–
<b>Franklin Income Fund – USD</b>					
Franklin Income – A (Mdis)	1.68%	33,188,591.964	11.41	10.38	9.13
Franklin Income – A (Mdis) – SGD hedged (H1)	1.67%	3,915,615.037	8.24	7.53	6.65
Franklin Income – B (Mdis)	2.99%	11,880,328.949	10.95	9.95	8.75
Franklin Income – C (Acc)	2.26%	3,488,495.342	18.00	16.04	13.53
Franklin Income – C (Mdis)	2.26%	1,060,526.226	14.72	13.37	11.74
Franklin Income – I (Acc)	0.90%	652,728.338	14.50	12.84	10.67
Franklin Income – N (Acc)	2.18%	3,073,331.016	16.66	14.84	12.51
Franklin Income – Z (Acc)	1.22%	13,063.944	11.27	10.00	–
Franklin Income – Z (Mdis)	1.18%	500.000	10.24	–	–
<b>Franklin India Fund – USD</b>					
Franklin India – A (Acc)	1.91%	25,255,417.165	28.21	23.37	17.55
Franklin India – A (Acc) – EUR	1.91%	10,461,305.308	25.51	23.11	15.14
Franklin India – A (Acc) – SGD	1.95%	657.550	9.85	–	–
Franklin India – A (Ydis) – EUR	1.93%	264,917.216	37.62	34.09	22.32
Franklin India – A (Ydis) – GBP	1.91%	630,197.606	32.25	27.89	19.03
Franklin India – B (Acc)	3.22%	2,151,960.375	26.42	22.03	16.76
Franklin India – C (Acc)	2.49%	914,093.972	27.36	22.74	17.17
Franklin India – I (Acc)	1.00%	5,361,535.117	29.63	24.44	18.18
Franklin India – I (Acc) – EUR	1.00%	1,787,331.604	26.76	24.14	15.65
Franklin India – I (Ydis) – EUR	1.00%	30,753.000	26.68	24.11	15.68
Franklin India – N (Acc)	2.67%	2,788,275.785	27.14	22.57	17.08
Franklin India – N (Acc) – EUR	2.67%	4,758,910.672	24.64	22.41	14.78
Franklin India – N (Acc) – PLN hedged (H1)	2.67%	1,695,011.712	13.04	10.91	–
<b>Franklin MENA Fund – USD</b>					
Franklin MENA – A (Acc)	2.64%	5,009,243.224	4.95	4.23	4.24
Franklin MENA – A (Acc) – EUR	2.64%	1,637,767.733	3.67	3.44	3.00
Franklin MENA – A (Acc) – EUR hedged (H1)	2.63%	1,206,811.851	2.99	2.57	2.57
Franklin MENA – A (Ydis)	2.63%	9,033.020	5.54	4.74	4.83
Franklin MENA – A (Ydis) – EUR	2.54%	6,833.497	6.10	5.75	5.10
Franklin MENA – A (Ydis) – GBP	2.64%	299,750.799	6.61	5.97	5.49
Franklin MENA – B (Acc)	3.93%	237,505.911	4.78	4.11	4.18
Franklin MENA – C (Acc)	3.20%	10,123.414	4.87	4.18	4.21
Franklin MENA – I (Acc)	1.54%	294,843.857	5.08	4.32	4.28
Franklin MENA – I (Acc) – EUR	1.51%	4,197,070.435	3.80	3.54	3.05
Franklin MENA – I (Acc) – EUR hedged (H1)	1.54%	1,911,095.484	3.04	2.60	2.57

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			Dec 31, 2010	Jun 30, 2010	Jun 30, 2009
<b>Franklin MENA Fund – USD (continued)</b>					
Franklin MENA – I (Ydis)	1.51%	11,529,371.278	5.73	4.94	5.04
Franklin MENA – N (Acc)	3.15%	429,722.323	4.88	4.18	4.21
Franklin MENA – N (Acc) – EUR hedged (H1)	3.13%	1,711,171.738	2.95	2.54	2.56
<b>Franklin Natural Resources Fund – USD</b>					
Franklin Natural Resources – A (Acc)	1.86%	15,206,277.566	10.83	7.53	6.58
Franklin Natural Resources – A (Acc) – EUR	1.86%	2,970,754.380	8.11	6.16	4.70
Franklin Natural Resources – A (Ydis)	1.85%	656,599.594	10.84	7.53	6.58
Franklin Natural Resources – B (Acc)	3.25%	940.340	12.46	8.72	–
Franklin Natural Resources – C (Acc)	2.44%	869,784.107	10.19	7.10	6.24
Franklin Natural Resources – I (Acc)	0.97%	1,780,448.415	11.20	7.75	6.71
Franklin Natural Resources – I (Acc) – EUR	0.96%	393,471.963	8.38	6.34	4.79
Franklin Natural Resources – N (Acc) – EUR	2.61%	1,930,758.367	7.88	6.01	4.62
<b>Franklin Real Return Fund – USD</b>					
Franklin Real Return – A (Acc)	1.35%	291,699.375	10.34	9.67	–
Franklin Real Return – A (Ydis) – EUR hedged (H1)	1.35%	247,779.325	10.28	9.67	–
<b>Franklin Strategic Income Fund – USD</b>					
Franklin Strategic Income – A (Acc)	1.35%	4,445,662.273	12.48	11.69	10.24
Franklin Strategic Income – A (Acc) – EUR	1.35%	762,672.329	9.35	9.58	7.31
Franklin Strategic Income – A (Mdis)	1.35%	10,045,058.215	10.72	10.26	9.41
Franklin Strategic Income – A (Mdis) – EUR	1.35%	474,808.511	8.02	8.40	6.71
Franklin Strategic Income – B (Mdis)	2.60%	2,907,098.530	10.71	10.25	9.40
Franklin Strategic Income – C (Mdis)	1.95%	5,701,311.072	10.71	10.25	9.40
Franklin Strategic Income – I (Acc)	0.82%	402,491.565	12.71	11.88	10.35
Franklin Strategic Income – N (Acc)	2.10%	55,841.048	10.06	–	–
Franklin Strategic Income – Z (Acc)	0.85%	15,752.218	10.89	10.18	–
<b>Franklin Technology Fund – USD</b>					
Franklin Technology – A (Acc)	1.82%	36,635,503.621	7.18	5.54	4.53
Franklin Technology – A (Acc) – EUR	1.83%	5,124,022.158	5.39	4.54	3.23
Franklin Technology – B (Acc)	3.13%	664,175.049	6.24	4.84	4.01
Franklin Technology – C (Acc)	2.41%	195,485.783	14.59	11.28	9.27
Franklin Technology – I (Acc) – EUR	0.95%	3,828,197.058	9.38	7.87	5.56
Franklin Technology – N (Acc)	2.57%	2,479,937.119	6.40	4.96	4.08
Franklin Technology – N (Acc) – EUR	2.58%	5,627,893.284	4.79	4.06	2.91
<b>Franklin U.S. Dollar Liquid Reserve Fund – USD</b>					
Franklin U.S. Dollar Liquid Reserve – A (Acc)	0.59%	9,249,576.269	11.65	11.67	11.68
Franklin U.S. Dollar Liquid Reserve – A (Mdis)	0.59%	5,049,298.910	9.74	9.76	9.77
Franklin U.S. Dollar Liquid Reserve – B (Mdis)	1.65%	2,502,385.409	9.60	9.67	9.78
Franklin U.S. Dollar Liquid Reserve – C (Acc)	1.57%	864,083.296	10.53	10.60	10.72
Franklin U.S. Dollar Liquid Reserve – I (Acc)	0.36%	599,365.486	10.09	10.09	10.08
Franklin U.S. Dollar Liquid Reserve – N (Acc)	1.48%	2,154,482.471	11.05	11.12	11.24
<b>Franklin U.S. Equity Fund – USD</b>					
Franklin U.S. Equity – A (Acc)	1.82%	17,029,812.120	15.91	13.35	12.12
Franklin U.S. Equity – A (Acc) – EUR	1.82%	3,729,413.662	11.88	10.90	8.63
Franklin U.S. Equity – A (Acc) – EUR hedged (H1)	1.81%	1,204,403.137	11.30	9.54	8.75
Franklin U.S. Equity – A (Acc) – SGD	1.85%	1,006.056	9.75	8.93	–
Franklin U.S. Equity – B (Acc)	3.13%	1,403,876.128	13.66	11.54	10.62
Franklin U.S. Equity – C (Acc)	2.40%	1,651,691.910	14.11	11.87	10.85
Franklin U.S. Equity – I (Acc)	0.95%	10,073,955.312	12.63	10.55	9.50
Franklin U.S. Equity – I (Acc) – EUR	0.95%	1,828,435.311	8.74	7.98	6.27
Franklin U.S. Equity – I (Acc) – EUR hedged (H1)	0.89%	1,145,146.368	7.68	6.46	5.85
Franklin U.S. Equity – N (Acc)	2.57%	2,703,883.207	14.59	12.29	11.25
Franklin U.S. Equity – N (Acc) – EUR	2.55%	1,558,484.321	10.89	10.03	8.01
<b>Franklin U.S. Focus Fund – USD</b>					
Franklin U.S. Focus – A (Acc)	1.94%	212,866.787	10.24	8.43	7.22
Franklin U.S. Focus – A (Acc) – EUR hedged (H1)	1.98%	256,400.593	6.14	5.09	4.39
Franklin U.S. Focus – I (Acc)	1.09%	82,539.642	10.48	8.59	7.29
Franklin U.S. Focus – I (Acc) – EUR hedged (H1)	1.08%	307,730.920	6.29	5.19	4.45
Franklin U.S. Focus – N (Acc)	2.69%	21,566.754	10.05	8.31	7.16
Franklin U.S. Focus – N (Acc) – EUR hedged (H1)	2.72%	332,415.617	6.02	5.01	4.35
<b>Franklin U.S. Government Fund – USD</b>					
Franklin U.S. Government – A (Acc)	1.32%	500.000	10.04	–	–
Franklin U.S. Government – A (Acc) – HKD	1.28%	4,459.264	10.34	10.26	–

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			Dec 31, 2010	Jun 30, 2010	Jun 30, 2009
<b>Franklin U.S. Government Fund – USD (continued)</b>					
Franklin U.S. Government – A (Mdis)	1.27%	89,699,755.555	9.54	9.67	9.34
Franklin U.S. Government – A (Mdis) – HKD	1.22%	3,882.150	10.15	10.24	–
Franklin U.S. Government – A (Mdis) – SGD hedged (H1)	1.26%	627,131.812	10.24	10.56	10.09
Franklin U.S. Government – AX (Acc)	1.47%	21,289,116.646	14.25	14.13	13.22
Franklin U.S. Government – B (Acc)	2.53%	1,118,785.443	12.15	12.12	11.45
Franklin U.S. Government – B (Mdis)	2.52%	12,968,609.515	9.56	9.68	9.34
Franklin U.S. Government – C (Acc)	2.05%	5,334,201.522	12.83	12.76	12.01
Franklin U.S. Government – I (Acc)	0.60%	3,046,510.509	12.12	11.96	11.09
Franklin U.S. Government – I (Mdis)	0.60%	80,530,923.293	9.99	10.09	9.77
Franklin U.S. Government – N (Acc)	1.97%	7,802,134.323	13.42	13.34	12.55
Franklin U.S. Government – N (Mdis)	1.97%	4,777,250.416	9.58	9.70	9.38
Franklin U.S. Government – Z (Acc)	0.98%	525,364.481	10.43	10.31	–
Franklin U.S. Government – Z (Mdis) USD	0.97%	500.000	10.03	–	–
<b>Franklin U.S. Opportunities Fund – USD</b>					
Franklin U.S. Opportunities – A (Acc)	1.82%	102,930,715.994	7.47	5.70	4.97
Franklin U.S. Opportunities – A (Acc) – EUR	1.82%	19,104,847.848	5.59	4.67	3.54
Franklin U.S. Opportunities – A (Acc) – EUR hedged (H1)	1.82%	3,776,186.163	5.26	4.03	3.53
Franklin U.S. Opportunities – A (Acc) – SGD	1.82%	1,345,303.701	8.52	7.10	6.40
Franklin U.S. Opportunities – A (Acc) – CHF hedged (H1)	1.87%	145,385.257	11.20	–	–
Franklin U.S. Opportunities – A (acc) – SEK hedged (H1)	1.79%	694,551.729	10.07	–	–
Franklin U.S. Opportunities – A (Ydis) – EUR	1.83%	694,736.713	5.69	4.75	3.61
Franklin U.S. Opportunities – A (Ydis) – GBP	1.81%	331,318.728	4.78	3.81	3.01
Franklin U.S. Opportunities – B (Acc)	3.12%	3,794,193.903	6.49	4.99	4.40
Franklin U.S. Opportunities – C (Acc)	2.40%	2,853,825.349	12.51	9.58	8.39
Franklin U.S. Opportunities – I (Acc)	0.95%	22,417,939.305	18.00	13.69	11.81
Franklin U.S. Opportunities – I (Acc) – EUR	0.95%	5,517,979.815	13.45	11.19	8.42
Franklin U.S. Opportunities – I (Acc) – EUR hedged (H1)	0.94%	1,338,238.332	12.54	9.57	8.31
Franklin U.S. Opportunities – N (Acc)	2.57%	3,477,928.577	15.78	12.10	10.61
Franklin U.S. Opportunities – N (Acc) – EUR	2.57%	1,905,617.566	11.78	9.88	7.56
Franklin U.S. Opportunities – N (Acc) – PLN hedged (H1)	2.56%	581,390.159	12.79	9.75	–
Franklin U.S. Opportunities – Z (Acc)	1.31%	156,420.336	12.46	9.49	–
<b>Franklin U.S. Small-Mid Cap Growth Fund – USD</b>					
Franklin U.S. Small-Mid Cap Growth – A (Acc)	1.94%	3,385,038.290	12.73	9.66	8.08
Franklin U.S. Small-Mid Cap Growth – B (Acc)	3.27%	320,375.636	18.47	14.10	11.96
Franklin U.S. Small-Mid Cap Growth – C (Acc)	2.53%	445,426.086	12.16	9.25	7.79
Franklin U.S. Small-Mid Cap Growth – I (Acc)	0.97%	155,132.905	12.08	9.15	7.55
Franklin U.S. Small-Mid Cap Growth – N (Acc)	2.69%	421,588.901	11.76	8.95	7.55
<b>Franklin U.S. Total Return Fund – USD</b>					
Franklin U.S. Total Return – A (Acc)	1.20%	2,196,961.128	13.75	13.19	11.46
Franklin U.S. Total Return – A (Mdis)	1.20%	818,257.441	10.50	10.22	9.17
Franklin U.S. Total Return – B (Acc)	2.65%	254,009.233	12.37	11.96	10.54
Franklin U.S. Total Return – B (Mdis)	2.65%	17,617.660	10.48	10.21	9.17
Franklin U.S. Total Return – C (Mdis)	2.21%	352,369.423	10.49	10.21	9.17
Franklin U.S. Total Return – I (Acc)	0.85%	40,100.000	13.42	12.85	10.96
Franklin U.S. Total Return – I (Mdis)	0.83%	1,053,054.884	11.07	10.78	9.68
Franklin U.S. Total Return – N (Mdis)	1.90%	793,483.378	10.49	10.21	9.17
<b>Franklin U.S. Ultra Short Bond Fund – USD</b>					
Franklin U.S. Ultra Short Bond – A (Acc)	1.15%	500.000	10.01	–	–
Franklin U.S. Ultra Short Bond – A (Mdis)	1.15%	12,076,496.608	9.58	9.61	9.53
Franklin U.S. Ultra Short Bond – AX (Acc)	1.35%	3,374,039.640	11.53	11.48	11.23
Franklin U.S. Ultra Short Bond – B (Acc)	2.34%	157,718.793	10.71	10.72	10.59
Franklin U.S. Ultra Short Bond – B (Mdis)	2.35%	320,173.064	9.57	9.60	9.53
Franklin U.S. Ultra Short Bond – C (Mdis)	2.06%	2,037,074.208	9.57	9.60	9.53
Franklin U.S. Ultra Short Bond – I (Acc)	0.67%	757,335.145	11.80	11.71	11.38
Franklin U.S. Ultra Short Bond – N (Mdis)	1.85%	4,548,826.539	9.56	9.59	9.52
<b>Franklin World Perspectives Fund – USD</b>					
Franklin World Perspectives – A (Acc)	1.85%	622,781.334	14.32	11.52	10.03
Franklin World Perspectives – A (Acc) – EUR	1.85%	412,121.062	14.61	12.85	9.75
Franklin World Perspectives – A (Ydis) – GBP	1.84%	143,484.375	16.00	13.43	10.62
Franklin World Perspectives – B (Acc)	3.16%	46,818.116	15.66	12.68	11.18
Franklin World Perspectives – C (Acc)	2.44%	20,046.217	15.90	12.83	11.23
Franklin World Perspectives – I (Acc)	1.00%	413,139.000	14.60	11.69	10.09
Franklin World Perspectives – I (Acc) – EUR	1.00%	313,639.731	14.89	13.04	9.81
Franklin World Perspectives – I (Ydis) – GBP	1.00%	143,484.375	16.11	13.56	10.68
Franklin World Perspectives – N (Acc)	2.60%	474,593.618	14.09	11.38	9.98

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio Dec 31, 2010 (see Note 17)	Shares Outstanding Dec 31, 2010	Net Asset Value per Share		
			Dec 31, 2010	Jun 30, 2010	Jun 30, 2009
<b>Franklin Mutual Beacon Fund – USD</b>					
Franklin Mutual Beacon – A (Acc)	1.85%	13,798,561.627	47.09	40.37	34.74
Franklin Mutual Beacon – A (Acc) – EUR	1.86%	1,379,426.244	35.24	33.04	24.79
Franklin Mutual Beacon – A (Acc) – EUR hedged (H1)	1.85%	1,288,542.801	32.48	28.02	24.07
Franklin Mutual Beacon – A (Acc) – SGD	1.85%	633,011.359	7.22	6.75	6.01
Franklin Mutual Beacon – A (Ydis)	1.85%	172,567.510	45.98	39.42	33.92
Franklin Mutual Beacon – B (Acc)	3.16%	2,981,163.995	22.71	19.59	17.08
Franklin Mutual Beacon – B (Ydis) – EUR	3.17%	312.695	17.33	16.02	12.18
Franklin Mutual Beacon – C (Acc)	2.43%	3,411,658.121	13.72	11.80	10.21
Franklin Mutual Beacon – I (Acc)	0.98%	16,552,842.200	12.51	10.67	9.10
Franklin Mutual Beacon – I (Acc) – EUR	0.97%	2,723,420.663	9.34	8.72	6.48
Franklin Mutual Beacon – I (Acc) – EUR hedged (H1)	0.98%	1,307,706.877	8.68	7.45	6.32
Franklin Mutual Beacon – N (Acc)	2.60%	3,699,703.934	24.22	20.84	18.07
Franklin Mutual Beacon – N (Acc) – EUR	2.61%	3,024,969.181	18.07	17.01	12.86
Franklin Mutual Beacon – N (Acc) – EUR hedged (H1)	2.59%	481,113.655	16.79	14.53	12.57
Franklin Mutual Beacon – Z (Acc)	1.36%	500.000	11.15	9.54	–
<b>Franklin Mutual Euroland Fund – EUR</b>					
Franklin Mutual Euroland – A (Acc)	1.90%	341,982.206	12.86	11.72	9.92
Franklin Mutual Euroland – A (Acc) – USD	1.77%	1,022.938	12.63	10.52	10.20
Franklin Mutual Euroland – I (Acc)	1.00%	173,269.133	13.12	11.90	9.99
Franklin Mutual Euroland – I (Acc) – USD	1.00%	236,399.725	12.86	10.66	10.27
Franklin Mutual Euroland – N (Acc)	2.65%	51,675.479	12.64	11.56	9.87
<b>Franklin Mutual European Fund – EUR</b>					
Franklin Mutual European – A (Acc)	1.83%	89,136,977.221	16.92	15.60	12.84
Franklin Mutual European – A (Acc) – CHF hedged (H1)	1.83%	162,805.236	11.21	10.40	–
Franklin Mutual European – A (Acc) – SGD	1.86%	3,905.006	6.74	6.20	6.07
Franklin Mutual European – A (Acc) – USD	1.82%	15,348,128.739	22.64	19.09	18.01
Franklin Mutual European – A (Ydis)	1.83%	1,747,765.131	15.89	14.77	12.31
Franklin Mutual European – A (Ydis) – GBP	1.81%	182,674.056	13.67	12.15	10.55
Franklin Mutual European – B (Acc) – USD	3.13%	2,314,061.027	19.76	16.77	16.03
Franklin Mutual European – B (Ydis)	3.13%	38,965.559	14.59	13.54	11.31
Franklin Mutual European – C (Acc)	2.38%	173,039.033	15.75	14.56	12.05
Franklin Mutual European – C (Acc) – USD	2.40%	1,145,319.455	21.07	17.82	16.91
Franklin Mutual European – I (Acc)	0.96%	51,426,728.915	14.95	13.72	11.19
Franklin Mutual European – I (Ydis)	0.95%	1,054,618.780	13.88	12.96	10.80
Franklin Mutual European – N (Acc)	2.58%	18,864,998.502	14.63	13.54	11.23
Franklin Mutual European – N (Acc) – USD	2.57%	1,139,095.661	19.50	16.50	15.68
Franklin Mutual European – Z (Acc) – USD	1.34%	107,944.098	11.18	9.40	–
<b>Franklin Mutual Global Discovery Fund – USD</b>					
Franklin Mutual Global Discovery – A (Acc)	1.84%	18,735,530.246	13.36	11.14	11.01
Franklin Mutual Global Discovery – A (Acc) – CHF hedged (H1)	1.85%	303,677.401	10.99	9.31	–
Franklin Mutual Global Discovery – A (Acc) – EUR	1.84%	10,049,986.531	12.08	11.02	9.49
Franklin Mutual Global Discovery – A (Acc) – EUR hedged (H2)	1.83%	3,407,871.593	9.31	8.21	7.60
Franklin Mutual Global Discovery – A (Ydis) – EUR	1.84%	648,516.780	17.27	15.78	13.60
Franklin Mutual Global Discovery – A (Ydis) – GBP	1.85%	120,872.661	14.87	12.94	11.61
Franklin Mutual Global Discovery – B (Acc)	3.15%	2,615,287.170	12.51	10.49	10.51
Franklin Mutual Global Discovery – C (Acc)	2.42%	6,527,044.172	12.96	10.83	10.76
Franklin Mutual Global Discovery – I (Acc)	0.96%	8,333,454.753	14.00	11.62	11.38
Franklin Mutual Global Discovery – I (Acc) – EUR	0.96%	7,925,873.177	12.66	11.49	9.81
Franklin Mutual Global Discovery – I (Acc) – EUR hedged (H2)	0.95%	2,729,613.158	12.55	11.01	10.11
Franklin Mutual Global Discovery – I (Ydis) – EUR	0.94%	39,939.334	11.88	11.03	9.51
Franklin Mutual Global Discovery – N (Acc)	2.59%	3,369,364.333	12.85	10.75	10.70
Franklin Mutual Global Discovery – N (Acc) – EUR	2.60%	3,959,401.358	11.60	10.62	9.22
Franklin Mutual Global Discovery – N (Acc) – EUR hedged (H2)	2.59%	7,594,564.635	9.26	8.19	7.66
Franklin Mutual Global Discovery – Z (Acc)	1.35%	29,845.942	11.23	9.34	–
<b>Franklin Templeton Global Equity Strategies Fund – USD</b>					
Franklin Templeton Global Equity Strategies – A (Acc)	2.24%	1,100,019.524	10.08	8.25	7.62
Franklin Templeton Global Equity Strategies – A (Acc) – EUR	2.24%	4,367,362.882	7.54	6.75	5.43
Franklin Templeton Global Equity Strategies – A (Acc) – EUR hedged (H1)	2.23%	1,055,565.535	6.18	5.13	4.80
Franklin Templeton Global Equity Strategies – A (Ydis)	2.24%	71,081.190	10.07	8.24	7.61
Franklin Templeton Global Equity Strategies – A (Ydis) – EUR	2.24%	420,769.720	7.53	6.74	5.43
<b>Franklin Templeton Global Fundamental Strategies Fund – USD</b>					
Franklin Templeton Global Fundamental Strategies – A (Acc)	1.90%	7,119,420.254	10.24	8.84	8.20
Franklin Templeton Global Fundamental Strategies – A (Acc) – EUR	1.90%	30,635,345.720	7.66	7.23	5.85
Franklin Templeton Global Fundamental Strategies – A (Acc) – EUR hedged (H1)	1.89%	14,056,416.005	7.03	6.10	5.69

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio Dec 31, 2010 (see Note 17)	Shares Outstanding Dec 31, 2010	Net Asset Value per Share		
			Dec 31, 2010	Jun 30, 2010	Jun 30, 2009
<b>Franklin Templeton Global Fundamental Strategies Fund – USD (continued)</b>					
Franklin Templeton Global Fundamental Strategies – A (Ydis)	1.89%	418,262.550	9.89	8.68	8.13
Franklin Templeton Global Fundamental Strategies – A (Ydis) – EUR	1.90%	2,109,275.162	7.42	7.11	5.81
Franklin Templeton Global Fundamental Strategies – B (Acc)	3.21%	23,344.356	9.83	8.54	8.03
Franklin Templeton Global Fundamental Strategies – C (Acc)	2.47%	23,747.495	10.05	8.70	8.12
Franklin Templeton Global Fundamental Strategies – I (Acc) – EUR	0.98%	57,978.007	7.88	7.40	5.94
Franklin Templeton Global Fundamental Strategies – N (Acc) – EUR hedged (H1)	2.64%	1,242,064.445	6.59	5.74	5.39
Franklin Templeton Global Fundamental Strategies – N (Acc) – PLN hedged (H1)	2.64%	321,043.870	11.17	9.62	–
<b>Franklin Templeton Global Growth and Value Fund – USD</b>					
Franklin Templeton Global Growth and Value – A (Acc)	1.87%	3,061,012.527	18.79	15.51	13.71
Franklin Templeton Global Growth and Value – B (Acc)	3.18%	92,875.485	16.88	14.03	12.56
Franklin Templeton Global Growth and Value – C (Acc)	2.45%	190,935.660	17.71	14.66	13.04
Franklin Templeton Global Growth and Value – I (Acc)	0.97%	828,572.495	20.07	16.49	14.44
Franklin Templeton Global Growth and Value – I (Acc) – EUR	0.88%	406.798	15.01	13.47	10.29
Franklin Templeton Global Growth and Value – N (Acc)	2.62%	304,350.472	17.62	14.60	13.00
Franklin Templeton Global Growth And Value – X (Acc) SGD	0.27%	1,484,337.075	10.43	–	–
<b>Franklin Templeton Japan Fund – JPY</b>					
Franklin Templeton Japan – A (Acc)	1.96%	6,563,992.238	489.07	459.14	498.62
Franklin Templeton Japan – A (Acc) – EUR	1.95%	759,781.867	4.50	4.24	3.69
Franklin Templeton Japan – A (Acc) – SGD	1.96%	340,819.692	5.28	4.96	5.12
Franklin Templeton Japan – A (Acc) – USD	1.96%	2,834,324.785	6.03	5.20	5.18
Franklin Templeton Japan – A (Ydis) – EUR	1.91%	1,450.745	4.44	4.23	3.68
Franklin Templeton Japan – A (Ydis) – GBP	1.93%	16,764.685	3.87	3.48	3.15
Franklin Templeton Japan – B (Acc) – USD	3.25%	43,463.810	5.73	4.98	5.02
Franklin Templeton Japan – C (Acc) – USD	2.53%	171,341.328	6.86	5.93	5.94
Franklin Templeton Japan – I (Acc) – EUR	1.00%	118,015.971	6.69	6.28	5.40
Franklin Templeton Japan – I (Acc) – USD	0.99%	210,636.336	7.42	6.36	6.27
Franklin Templeton Japan – N (Acc) – EUR	2.70%	1,879,118.133	4.14	3.92	3.43
Franklin Templeton Japan – N (Acc) – USD	2.70%	400,880.634	8.48	7.34	7.36
<b>Templeton Asian Bond Fund – USD</b>					
Templeton Asian Bond – A (Acc)	1.42%	85,697,949.237	16.82	15.58	13.55
Templeton Asian Bond – A (Acc) – CHF hedged (H1)	1.43%	1,203,628.050	10.42	9.73	–
Templeton Asian Bond – A (Acc) – EUR	1.41%	19,797,513.327	15.21	15.40	11.68
Templeton Asian Bond – A (Acc) – EUR hedged (H1)	1.42%	10,784,680.310	12.08	11.25	9.76
Templeton Asian Bond – A (Mdis)	1.41%	35,036,811.676	13.91	13.03	11.76
Templeton Asian Bond – A (Mdis) – EUR	1.42%	4,743,991.570	10.42	10.67	8.40
Templeton Asian Bond – A (Mdis) – SGD	1.41%	1,154,606.052	10.02	10.24	9.57
Templeton Asian Bond – A (Mdis) SGD – hedged (H1)	1.39%	131,485.000	10.09	–	–
Templeton Asian Bond – B (Mdis)	2.88%	3,830,495.371	13.88	13.00	11.74
Templeton Asian Bond – C (Mdis)	2.20%	7,500,796.609	13.88	13.00	11.74
Templeton Asian Bond – I (Acc)	0.86%	26,037,333.695	17.31	15.99	13.83
Templeton Asian Bond – I (Acc) – CHF hedged (H1)	0.86%	474,685.000	10.45	9.74	–
Templeton Asian Bond – I (Acc) – EUR	0.86%	6,784,648.033	12.93	13.06	9.86
Templeton Asian Bond – I (Acc) – EUR hedged (H1)	0.86%	1,667,469.897	10.90	10.11	8.82
Templeton Asian Bond – I (Mdis) – EUR	0.86%	1,081,550.000	10.83	11.10	8.73
Templeton Asian Bond – N (Acc)	2.12%	4,859,410.348	16.23	15.08	13.21
Templeton Asian Bond – N (Acc) – EUR	2.12%	2,804,879.622	14.67	14.91	11.39
Templeton Asian Bond – N (Mdis)	2.11%	2,377,777.548	13.90	13.01	11.75
Templeton Asian Bond – Z (Acc)	1.13%	1,492,244.685	11.01	10.18	–
<b>Templeton Asian Growth Fund – USD</b>					
Templeton Asian Growth – A (Acc)	2.22%	116,223,097.645	35.65	27.65	20.31
Templeton Asian Growth – A (Acc) – CHF hedged (H1)	2.23%	1,662,722.355	13.13	10.36	–
Templeton Asian Growth – A (Acc) – EUR	2.23%	33,220,575.587	26.60	22.56	14.45
Templeton Asian Growth – A (Acc) – EUR hedged (H1)	2.23%	10,152,484.122	24.66	19.36	14.26
Templeton Asian Growth – A (Acc) – SGD	2.22%	20,452,554.885	8.68	7.35	5.59
Templeton Asian Growth – A (Acc) HKD	2.26%	30,840.725	10.69	–	–
Templeton Asian Growth – A (Ydis)	2.22%	100,253,472.031	33.15	25.75	19.16
Templeton Asian Growth – A (Ydis) – EUR	2.23%	4,804,035.562	24.83	21.10	13.69
Templeton Asian Growth – A (Ydis) – GBP	2.23%	1,345,721.673	21.26	17.25	11.66
Templeton Asian Growth – B (Acc)	3.50%	10,365,990.865	15.99	12.48	9.28
Templeton Asian Growth – C (Acc)	2.80%	6,033,292.327	31.07	24.17	17.86
Templeton Asian Growth – I (Acc)	1.20%	146,361,520.561	34.80	26.86	19.52
Templeton Asian Growth – I (Acc) – EUR	1.20%	28,313,214.834	26.00	21.95	13.91
Templeton Asian Growth – I (Acc) – EUR hedged (H1)	1.22%	1,918,128.430	20.95	16.35	11.96
Templeton Asian Growth – I (Acc) – CHF hedged (H1)	1.25%	545,150.000	10.64	–	–
Templeton Asian Growth – I (Ydis) – EUR hedged (H2)	1.20%	4,756,562.547	13.20	10.91	–

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio Dec 31, 2010 (see Note 17)	Shares Outstanding Dec 31, 2010	Net Asset Value per Share		
			Dec 31, 2010	Jun 30, 2010	Jun 30, 2009
<b>Templeton Asian Growth Fund – USD (continued)</b>					
Templeton Asian Growth – N (Acc)	2.72%	10,872,569.121	49.80	38.73	28.59
Templeton Asian Growth – N (Acc) – EUR	2.73%	6,224,754.109	37.23	31.67	20.39
Templeton Asian Growth – N (Acc) – EUR hedged (H1)	2.74%	3,339,792.967	34.39	27.09	20.09
Templeton Asian Growth – N (Acc) – PLN hedged (H1)	2.76%	2,422,707.561	13.48	10.52	–
Templeton Asian Growth – N (Acc) HUF	2.86%	1,597,265.133	116.10	–	–
Templeton Asian Growth – X (Acc) SGD	0.30%	1,472,688.954	10.46	–	–
Templeton Asian Growth – Z (Acc)	1.75%	709,490.697	13.49	10.44	–
Templeton Asian Growth – Z (Ydis) – EUR hedged (H1)	1.71%	74,891.510	12.14	9.54	–
<b>Templeton Asian Smaller Companies Fund – USD</b>					
Templeton Asian Smaller Companies – A (Acc)	2.29%	3,126,854.281	29.13	21.82	15.36
Templeton Asian Smaller Companies – A (Acc) – EUR	2.26%	1,121,302.252	29.71	24.34	14.94
Templeton Asian Smaller Companies – A (Acc) – SGD	2.23%	269,627.656	25.55	20.87	15.21
Templeton Asian Smaller Companies – A (Ydis)	2.26%	183,070.521	28.98	21.74	15.36
Templeton Asian Smaller Companies – A (Ydis) – GBP	2.23%	29,385.873	32.38	25.35	16.26
Templeton Asian Smaller Companies – B (Acc)	3.59%	84,386.928	29.36	22.14	15.79
Templeton Asian Smaller Companies – B (Acc) – EUR	3.66%	12,913.222	27.99	23.08	14.35
Templeton Asian Smaller Companies – I (Acc)	1.21%	706,463.301	29.83	22.23	15.48
Templeton Asian Smaller Companies – I (Acc) – EUR	1.20%	140,327.152	30.42	24.79	15.06
Templeton Asian Smaller Companies – I (Ydis) – GBP	1.20%	54,450.852	32.64	25.68	16.39
<b>Templeton BRIC Fund – USD</b>					
Templeton BRIC – A (Acc)	2.48%	106,412,584.600	20.03	15.72	13.59
Templeton BRIC – A (Acc) – EUR	2.48%	13,196,743.005	18.12	15.55	11.72
Templeton BRIC – A (Acc) – EUR hedged (H1)	2.49%	3,845,774.698	13.44	10.70	9.37
Templeton BRIC – A (Acc) – SGD	2.47%	457,561.877	7.06	6.04	5.41
Templeton BRIC – A (Acc) – HKD	2.50%	3,879.550	10.91	–	–
Templeton BRIC – A (Ydis) – EUR	2.48%	203,147.764	26.31	22.58	17.14
Templeton BRIC – A (Ydis) – GBP	2.48%	456,930.770	22.60	18.51	14.63
Templeton BRIC – B (Acc)	3.75%	9,072,052.437	18.78	14.83	12.98
Templeton BRIC – C (Acc)	3.06%	6,142,585.660	19.42	15.29	13.30
Templeton BRIC – I (Acc)	1.39%	5,205,191.438	21.19	16.54	14.14
Templeton BRIC – I (Acc) – EUR	1.39%	523,239.662	15.85	13.53	10.09
Templeton BRIC – I (Acc) – EUR hedged (H1)	1.42%	159,462.312	12.60	9.97	8.74
Templeton BRIC – I (Ydis) – EUR	1.39%	322,581	15.34	13.19	10.01
Templeton BRIC – N (Acc)	2.97%	5,191,994.290	19.52	15.35	13.34
Templeton BRIC – N (Acc) – EUR	2.98%	8,097,708.852	17.65	15.19	11.51
Templeton BRIC – N (Acc) – PLN hedged (H1)	2.97%	715,402.564	11.16	8.85	–
Templeton BRIC – X (Acc)	0.29%	354,195.751	13.25	10.29	–
Templeton BRIC – Z (Acc)	1.99%	160,829.000	11.90	9.31	–
<b>Templeton China Fund – USD</b>					
Templeton China – A (Acc)	2.46%	45,376,076.509	26.17	20.97	18.29
Templeton China – A (Acc) – SGD	2.46%	2,559,363.545	8.27	7.22	6.53
Templeton China – A (Ydis) – EUR	2.46%	1,743,865.233	19.06	16.71	12.89
Templeton China – A (Ydis) – GBP	2.46%	438,512.224	16.29	13.64	10.95
Templeton China – B (Acc)	3.84%	32,303.417	12.12	9.77	–
Templeton China – C (Acc)	3.03%	1,966,968.388	18.99	15.26	13.40
Templeton China – I (Acc)	1.38%	2,879,221.042	30.07	23.96	20.68
Templeton China – I (Ydis) – GBP	1.40%	5,373,457.937	10.15	–	–
Templeton China – N (Acc)	2.96%	2,881,516.836	26.29	21.12	18.52
<b>Templeton Eastern Europe Fund – EUR</b>					
Templeton Eastern Europe – A (Acc)	2.56%	17,340,992.586	31.49	26.32	18.57
Templeton Eastern Europe – A (Acc) – SGD	2.56%	6,178.010	6.70	5.59	4.68
Templeton Eastern Europe – A (Acc) – USD	2.57%	6,581,663.368	42.11	32.19	26.04
Templeton Eastern Europe – A (Ydis)	2.56%	84,957.046	31.15	26.03	18.37
Templeton Eastern Europe – A (Ydis) – GBP	2.56%	52,486.277	26.64	21.25	15.62
Templeton Eastern Europe – B (Acc) – USD	3.88%	6,208,336.940	10.00	7.69	6.31
Templeton Eastern Europe – B (Ydis)	3.75%	520,581.618	7.48	6.29	4.49
Templeton Eastern Europe – C (Acc)	3.14%	5,150.987	12.66	10.61	7.53
Templeton Eastern Europe – C (Acc) – USD	3.13%	560,282.363	14.00	10.73	8.73
Templeton Eastern Europe – I (Acc)	1.40%	8,482,687.355	21.72	18.05	12.58
Templeton Eastern Europe – N (Acc)	3.06%	1,658,631.551	29.69	24.88	17.64
Templeton Eastern Europe – X (Acc)	0.30%	2,439,059.455	10.80	–	–
Templeton Eastern Europe – Z (Acc) – USD	2.09%	16,040.947	12.15	9.26	–

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio Dec 31, 2010 (see Note 17)	Shares Outstanding Dec 31, 2010	Net Asset Value per Share		
			Dec 31, 2010	Jun 30, 2010	Jun 30, 2009
<b>Templeton Emerging Markets Fund – USD</b>					
Templeton Emerging Markets – A (Acc)	2.50%	13,337,910.627	39.70	30.99	25.60
Templeton Emerging Markets – A (Acc) – SGD	2.50%	3,544,682.301	7.92	6.75	5.77
Templeton Emerging Markets – A (Ydis)	2.50%	12,560,022.309	38.28	29.88	24.94
Templeton Emerging Markets – B (Acc)	3.81%	3,717,118.712	19.92	15.66	13.10
Templeton Emerging Markets – C (Acc)	3.08%	1,556,216.625	34.43	26.96	22.40
Templeton Emerging Markets – I (Acc)	1.40%	1,955,010.677	24.98	19.40	15.83
Templeton Emerging Markets – N (Acc)	3.00%	2,623,641.768	21.74	17.02	14.12
Templeton Emerging Markets – N (Acc) – EUR	3.00%	2,218,858.485	16.26	13.92	10.08
<b>Templeton Emerging Markets Bond Fund – USD</b>					
Templeton Emerging Markets Bond – A (Acc)	1.91%	13,483,854.414	11.28	10.38	–
Templeton Emerging Markets Bond – A (Acc) – CHF hedged (H1)	1.90%	1,491,802.625	10.93	10.16	–
Templeton Emerging Markets Bond – A (acc) – NOK hedged (H1)	1.97%	1,761,612.091	10.07	–	–
Templeton Emerging Markets Bond – A (Acc) – SEK hedged (H1)	1.90%	975,537.527	10.07	–	–
Templeton Emerging Markets Bond – A (Mdis)	1.92%	46,277,188.824	11.59	10.96	–
Templeton Emerging Markets Bond – A (Qdis)	1.91%	93,313,938.371	20.09	18.98	16.43
Templeton Emerging Markets Bond – A (Qdis) – EUR	1.92%	22,702,055.262	15.11	15.62	11.71
Templeton Emerging Markets Bond – A (Qdis) – GBP	1.94%	550,066.180	11.16	11.00	–
Templeton Emerging Markets Bond – A (Ydis) – EUR hedged (H1)	1.94%	6,720,631.976	10.44	9.80	–
Templeton Emerging Markets Bond – B (Mdis)	3.23%	21,097,550.449	11.59	10.95	–
Templeton Emerging Markets Bond – B (Qdis)	3.22%	31,568,766.544	18.15	17.15	14.85
Templeton Emerging Markets Bond – C (Acc)	2.49%	4,273,494.679	24.26	22.38	18.29
Templeton Emerging Markets Bond – I (Acc)	1.00%	60,640,874.320	20.73	18.99	15.29
Templeton Emerging Markets Bond – I (Acc) – EUR hedged (H1)	1.00%	9,922,274.465	10.65	9.83	–
Templeton Emerging Markets Bond – I (Qdis)	1.00%	9,121,879.370	15.74	14.87	12.86
Templeton Emerging Markets Bond – I (Qdis) – GBP hedged (H1)	1.00%	204,221.978	10.53	9.83	–
Templeton Emerging Markets Bond – N (Acc)	2.42%	10,107,210.999	29.28	27.01	22.05
Templeton Emerging Markets Bond – Z (Acc)	1.51%	179,294.000	11.14	10.22	–
Templeton Emerging Markets Bond – Z (Mdis) – USD	1.42%	5,974.831	10.07	–	–
<b>Templeton Emerging Markets Smaller Companies Fund – USD</b>					
Templeton Emerging Markets Smaller Companies – A (Acc)	2.50%	27,077,862.643	9.45	7.17	5.38
Templeton Emerging Markets Smaller Companies – A (Acc) – EUR	2.50%	5,827,920.857	10.09	8.38	5.48
Templeton Emerging Markets Smaller Companies – A (Ydis)	2.50%	2,447,800.404	9.26	7.06	5.37
Templeton Emerging Markets Smaller Companies – A (Ydis) – GBP	2.50%	391,518.682	12.12	9.64	6.67
Templeton Emerging Markets Smaller Companies – C (Acc)	3.10%	1,553,173.797	10.31	7.85	5.92
Templeton Emerging Markets Smaller Companies – I (Acc)	1.40%	3,531,574.654	9.78	7.39	5.48
Templeton Emerging Markets Smaller Companies – I (Acc) – EUR	1.40%	2,708,145.029	10.44	8.62	5.58
Templeton Emerging Markets Smaller Companies – N (Acc)	3.00%	3,661,198.246	9.30	7.08	5.33
<b>Templeton Euro Government Bond Fund – EUR</b>					
Templeton Euro Government Bond – A (Ydis)	1.12%	1,250,673.159	9.43	9.81	9.67
Templeton Euro Government Bond – I (Acc)	0.62%	415.973	11.77	11.99	11.39
Templeton Euro Government Bond – N (Acc)	1.67%	823,682.564	10.97	11.14	10.73
<b>Templeton Euro High Yield Fund – EUR</b>					
Templeton Euro High Yield – A (Acc)	1.51%	3,649,608.948	12.91	11.79	9.86
Templeton Euro High Yield – A (Mdis)	1.51%	38,897,042.360	5.99	5.65	5.06
Templeton Euro High Yield – A (Mdis) – USD	1.54%	271,392.563	10.14	8.75	–
Templeton Euro High Yield – A (Ydis)	1.51%	9,814,437.857	6.15	6.01	5.52
Templeton Euro High Yield – B (Mdis)	2.94%	1,008,997.338	11.17	10.54	–
Templeton Euro High Yield – B (Mdis) – USD	2.93%	479.553	10.65	9.19	–
Templeton Euro High Yield – I (Acc)	0.85%	1,610,491.423	13.55	12.34	10.25
Templeton Euro High Yield – I (Mdis)	0.59%	455.373	9.08	8.56	7.66
Templeton Euro High Yield – I (Ydis)	0.85%	4,258,281.360	9.35	9.17	8.42
Templeton Euro High Yield – N (Acc)	2.11%	5,678,915.510	12.13	11.12	9.35
<b>Templeton Euro Liquid Reserve Fund – EUR</b>					
Templeton Euro Liquid Reserve – A (Acc)	0.63%	6,164,804.473	5.57	5.54	5.48
Templeton Euro Liquid Reserve – A (Ydis)	0.63%	5,514,461.374	4.42	4.42	4.51
Templeton Euro Liquid Reserve – I (Acc)	0.37%	368,273.079	10.26	10.20	10.07
Templeton Euro Liquid Reserve – N (Acc)	1.53%	3,417,108.242	10.72	10.71	10.70
<b>Templeton Euro Money Market Fund – EUR</b>					
Templeton Euro Money Market – A (Acc)	0.22%	20,263.519	1,004.63	1,002.23	–
Templeton Euro Money Market – I (Acc)	0.32%	3,765.883	1,003.92	1,002.43	–
<b>Templeton Euroland Fund – EUR</b>					
Templeton Euroland – A (Acc)	1.89%	7,670,618.402	12.46	11.58	10.17
Templeton Euroland – A (Ydis)	1.89%	36,309.689	11.68	10.97	9.87

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio Dec 31, 2010 (see Note 17)	Shares Outstanding Dec 31, 2010	Net Asset Value per Share		
			Dec 31, 2010	Jun 30, 2010	Jun 30, 2009
<b>Templeton Euroland Fund – EUR (continued)</b>					
Templeton Euroland – B (Acc) – USD	3.22%	12,421.818	7.10	6.07	6.20
Templeton Euroland – B (Ydis)	3.19%	14,026.519	5.23	4.88	4.37
Templeton Euroland – C (Acc)	2.49%	21,986.227	8.20	7.64	6.75
Templeton Euroland – C (Acc) – USD	2.48%	2,134.472	10.97	9.35	9.47
Templeton Euroland – I (Acc)	0.97%	1,489,098.220	11.07	10.23	8.91
Templeton Euroland – I (Ydis)	0.99%	498.008	10.04	9.45	8.51
Templeton Euroland – N (Acc)	2.64%	868,595.497	7.62	7.11	6.29
<b>Templeton European Fund – EUR</b>					
Templeton European – A (Acc)	1.87%	2,593,037.959	14.09	12.79	10.90
Templeton European – A (Acc) – SGD	1.87%	195,852.373	5.82	5.27	5.33
Templeton European – A (Acc) – USD	1.87%	1,546,930.165	18.82	15.62	15.27
Templeton European – A (Ydis)	1.86%	15,154.170	12.54	11.48	10.00
Templeton European – A (Ydis) – USD	1.87%	4,409,128.169	16.83	14.14	14.12
Templeton European – C (Acc)	2.45%	500.000	8.79	8.00	6.86
Templeton European – C (Acc) – USD	2.44%	33,180.294	11.75	9.78	9.62
Templeton European – I (Acc)	0.97%	97,308.332	11.73	10.60	8.97
Templeton European – N (Acc)	2.61%	217,479.869	13.24	12.07	10.37
Templeton European – N (Acc) – USD	2.62%	119,361.211	17.76	14.79	14.57
<b>Templeton European Corporate Bond Fund – EUR</b>					
Templeton European Corporate Bond – A (Acc)	1.15%	54,706.908	9.97	9.86	–
Templeton European Corporate Bond – A (Ydis)	1.15%	51,612.389	9.92	9.86	–
Templeton European Corporate Bond – I (Acc)	0.65%	450,000.000	10.00	9.87	–
Templeton European Corporate Bond – I (Ydis)	0.65%	450,000.000	9.95	9.87	–
Templeton European Corporate Bond – N (Acc)	2.05%	79,906.679	9.91	9.84	–
Templeton European Corporate Bond – N (Ydis)	2.05%	75,147.428	9.88	9.84	–
<b>Templeton European Total Return Fund – EUR</b>					
Templeton European Total Return – A (Acc)	1.10%	1,738,169.955	11.09	10.89	9.84
Templeton European Total Return – A (Mdis)	1.10%	1,786,641.867	8.59	8.57	8.02
Templeton European Total Return – A (Mdis) – USD	1.09%	178,620.719	11.51	10.50	11.27
Templeton European Total Return – A (Ydis)	1.10%	13,540.742	8.70	8.85	8.38
Templeton European Total Return – C (Acc)	1.90%	12,575.109	9.43	9.29	8.46
Templeton European Total Return – C (Mdis) – USD	1.90%	64,209.563	9.00	8.21	8.81
Templeton European Total Return – I (Acc)	0.85%	205,330.799	10.68	10.48	9.45
Templeton European Total Return – I (Mdis)	0.83%	22,668.939	8.98	8.96	8.38
Templeton European Total Return – I (Ydis)	0.81%	471.698	9.09	9.26	8.76
Templeton European Total Return – N (Acc)	1.80%	1,966,667.573	10.53	10.38	9.44
Templeton European Total Return – N (Mdis)	1.80%	837,126.411	9.72	9.70	9.08
<b>Templeton Frontier Markets Fund – USD</b>					
Templeton Frontier Markets – A (Acc)	2.61%	11,351,846.113	17.40	14.80	11.92
Templeton Frontier Markets – A (Acc) – EUR	2.60%	10,912,598.672	17.75	16.51	11.59
Templeton Frontier Markets – A (Acc) – EUR hedged (H1)	2.63%	2,000,945.676	10.67	9.15	–
Templeton Frontier Markets – A (Acc) – SGD	2.57%	184,278.678	15.27	14.15	11.80
Templeton Frontier Markets – A (Ydis)	2.62%	532,253.588	17.24	14.73	11.92
Templeton Frontier Markets – A (Ydis) – GBP	2.61%	528,618.571	19.26	17.17	12.62
Templeton Frontier Markets – B (Acc)	3.91%	36,025.962	15.99	13.69	11.17
Templeton Frontier Markets – B (Acc) – EUR	3.91%	1,219.866	15.25	14.27	10.15
Templeton Frontier Markets – C (Acc)	3.20%	109,924.676	16.25	13.85	11.22
Templeton Frontier Markets – I (Acc)	1.53%	5,775,188.470	17.83	15.08	12.01
Templeton Frontier Markets – I (Acc) – EUR	1.53%	6,588,421.496	18.19	16.82	11.68
Templeton Frontier Markets – I (Ydis) – GBP	1.53%	661,989.438	19.50	17.39	12.72
Templeton Frontier Markets – N (Acc) – EUR	3.11%	852,881.299	17.55	16.36	11.55
Templeton Frontier Markets – N (Acc) – EUR hedged (H1)	3.09%	5,785,832.045	16.60	14.26	11.54
Templeton Frontier Markets – X (Acc)	0.30%	500.000	10.95	–	–
Templeton Frontier Markets – Z (Ydis) – EUR hedged (H1)	2.09%	74,016.510	10.64	9.15	–
<b>Templeton Global Fund – USD</b>					
Templeton Global – A (Acc)	1.85%	5,626,670.526	27.22	22.33	20.68
Templeton Global – A (Acc) – SGD	1.86%	4,368,710.483	6.57	5.87	5.63
Templeton Global – A (Ydis)	1.86%	23,470,894.819	25.17	20.74	19.39
Templeton Global – B (Acc)	3.16%	2,553,768.773	17.20	14.20	13.33
Templeton Global – C (Acc)	2.43%	1,078,419.228	15.97	13.14	12.24
Templeton Global – I (Acc)	0.96%	14,703,505.163	15.04	12.28	11.27
Templeton Global – N (Acc)	2.60%	1,631,743.921	18.22	15.00	14.00

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio Dec 31, 2010 (see Note 17)	Shares Outstanding Dec 31, 2010	Net Asset Value per Share		
			Dec 31, 2010	Jun 30, 2010	Jun 30, 2009
<b>Templeton Global (Euro) Fund – EUR</b>					
Templeton Global (Euro) – A (Acc)	1.87%	2,662,284.496	12.37	11.45	9.66
Templeton Global (Euro) – A (Ydis)	1.87%	44,985,950.632	11.55	10.73	9.13
Templeton Global (Euro) – B (Acc) – USD	3.18%	749.252	7.96	6.78	6.65
Templeton Global (Euro) – I (Acc)	0.95%	326,590.123	11.55	10.65	8.90
Templeton Global (Euro) – I (Acc) – hedged (H2)	0.95%	275,525.000	11.72	10.39	9.30
Templeton Global (Euro) – N (Acc)	2.62%	375,204.097	10.57	9.82	8.35
<b>Templeton Global Aggregate Bond Fund – USD*</b>					
Templeton Global Aggregate Bond – A (Acc)	1.25%	1,000.000	9.71	–	–
Templeton Global Aggregate Bond – A (Acc) – EUR	1.25%	718.442	10.10	–	–
Templeton Global Aggregate Bond – A (Acc) – EUR hedged (H1)	1.22%	71,844.240	9.71	–	–
Templeton Global Aggregate Bond – A (Mdis)	1.25%	1,000.000	9.70	–	–
Templeton Global Aggregate Bond – A (Mdis) – EUR	1.25%	718.442	10.10	–	–
Templeton Global Aggregate Bond – A (Qdis) – GBP hedged (H1)	1.22%	62,410.290	9.71	–	–
Templeton Global Aggregate Bond – A (Ydis) – EUR hedged (H1)	1.22%	71,844.240	9.71	–	–
Templeton Global Aggregate Bond – I (Acc)	0.59%	335,020.748	9.72	–	–
Templeton Global Aggregate Bond – I (Acc) – CHF hedged (H1)	0.58%	98,415.000	9.69	–	–
Templeton Global Aggregate Bond – I (Acc) EUR	0.60%	718.442	10.11	–	–
Templeton Global Aggregate Bond – I (Acc) – EUR hedged (H1)	0.59%	71,844.240	9.72	–	–
Templeton Global Aggregate Bond – I (Qdis) – EUR hedged (H1)	0.59%	71,844.240	9.72	–	–
Templeton Global Aggregate Bond – I (Qdis) – GBP hedged (H1)	0.59%	62,410.290	9.73	–	–
Templeton Global Aggregate Bond – N (Acc)	1.93%	1,000.000	9.70	–	–
Templeton Global Aggregate Bond – N (Acc) – EUR	1.93%	718.442	10.09	–	–
Templeton Global Aggregate Bond – N (Acc) – EUR hedged (H1)	1.91%	71,844.240	9.70	–	–
<b>Templeton Global Balanced Fund – USD</b>					
Templeton Global Balanced – A (Acc)	1.71%	4,778,199.055	21.65	18.43	17.26
Templeton Global Balanced – A (Acc) – EUR	1.71%	432,763.857	16.19	15.07	12.31
Templeton Global Balanced – A (Acc) – EUR hedged (H1)	1.69%	130,216.030	15.02	12.93	12.20
Templeton Global Balanced – A (Acc) – SGD	1.71%	29,179,498.893	7.90	7.33	7.11
Templeton Global Balanced – A (Qdis)	1.71%	14,819,317.144	18.73	16.10	15.31
Templeton Global Balanced – B (Acc)	3.01%	5,596,987.258	14.57	12.49	11.85
Templeton Global Balanced – C (Qdis)	2.28%	3,236,125.550	11.02	9.48	9.01
Templeton Global Balanced – I (Acc)	0.90%	80,057.271	11.57	9.81	9.11
Templeton Global Balanced – I (Acc) – EUR hedged (H1)	0.86%	86,034.621	7.19	6.17	5.76
Templeton Global Balanced – N (Acc) – EUR	2.21%	1,085,341.375	11.71	10.93	8.97
Templeton Global Balanced – N (Acc) – EUR hedged (H1)	2.17%	119,523.110	8.03	6.92	6.55
<b>Templeton Global Bond Fund – USD</b>					
Templeton Global Bond – A (Acc)	1.40%	182,875,483.941	25.16	23.26	20.44
Templeton Global Bond – A (Acc) – EUR	1.41%	80,848,686.016	18.81	19.01	14.57
Templeton Global Bond – A (Acc) – EUR hedged (H1)	1.41%	141,448,240.963	18.42	17.13	15.02
Templeton Global Bond – A (Acc) – HKD	1.42%	12,375,490.387	11.17	10.34	–
Templeton Global Bond – A (Acc) – NOK hedged (H1)	1.41%	1,964,236.203	11.18	10.32	–
Templeton Global Bond – A (Acc) – SEK hedged (H1)	1.42%	71,569,412.089	11.05	10.27	–
Templeton Global Bond – A (Acc) – CHF hedged (H1)	1.40%	11,528,983.506	11.52	10.77	–
Templeton Global Bond – A (Mdis)	1.40%	409,856,751.857	20.01	18.80	17.27
Templeton Global Bond – A (Mdis) – EUR	1.40%	42,944,864.435	14.97	15.39	12.33
Templeton Global Bond – A (Mdis) – EUR hedged (H1)	1.41%	74,490,923.339	13.02	12.29	11.27
Templeton Global Bond – A (Mdis) – GBP	1.41%	9,073,241.370	12.86	12.61	10.51
Templeton Global Bond – A (Mdis) – GBP hedged (H1)	1.41%	27,757,921.978	10.23	9.63	8.82
Templeton Global Bond – A (Mdis) – HKD	1.41%	95,327,854.570	10.87	10.23	–
Templeton Global Bond – A (Mdis) – SGD	1.37%	22,947,810.764	11.11	11.39	10.82
Templeton Global Bond – A (Mdis) – SGD hedged (H1)	1.41%	25,941,902.421	12.49	11.80	10.86
Templeton Global Bond – A (Mdis) – AUD hedged (H1)	1.40%	103,417.960	10.15	–	–
Templeton Global Bond – A (Ydis) – EUR	1.37%	7,296,759.360	15.23	16.06	12.75
Templeton Global Bond – A (Ydis) – EUR hedged (H1)	1.43%	11,806,156.686	10.41	9.76	–
Templeton Global Bond – AX (Acc)	1.60%	38,675,282.145	19.18	17.74	15.62
Templeton Global Bond – B (Mdis)	2.91%	55,050,839.047	20.85	19.59	18.08
Templeton Global Bond – C (Mdis)	2.18%	104,255,216.281	15.35	14.42	13.25
Templeton Global Bond – I (Acc)	0.85%	89,513,678.857	20.37	18.77	16.40
Templeton Global Bond – I (Acc) – CHF hedged (H1)	0.84%	2,857,839.071	10.85	10.10	–
Templeton Global Bond – I (Acc) – EUR	0.84%	29,354,124.229	15.12	15.25	11.62
Templeton Global Bond – I (Acc) – EUR hedged (H1)	0.85%	51,758,107.512	14.97	13.87	12.10
Templeton Global Bond – I (Mdis) – EUR	0.85%	1,721,942.003	12.53	12.88	10.33
Templeton Global Bond – I (Mdis) – GBP	0.85%	10,952,597.530	11.99	11.76	–
Templeton Global Bond – I (Mdis) – GBP hedged (H1)	0.85%	22,699,486.933	11.27	10.61	–
Templeton Global Bond – I (Mdis) – JPY	0.85%	365,225.831	978.54	–	–

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio Dec 31, 2010 (see Note 17)	Shares Outstanding Dec 31, 2010	Net Asset Value per Share	Dec 31, 2010	Jun 30, 2010	Jun 30, 2009
<b>Templeton Global Bond Fund – USD (continued)</b>						
Templeton Global Bond – I (Mdis) – JPY hedged (H1)	0.85%	121,154.325	1,011.33	–	–	–
Templeton Global Bond – I (Ydis) – EUR	0.85%	150,041.277	13.27	13.46	10.75	–
Templeton Global Bond – I (Ydis) – EUR hedged (H1)	0.85%	11,573,607.320	10.54	9.77	–	–
Templeton Global Bond – N (Acc)	2.10%	48,110,321.484	25.32	23.49	20.79	–
Templeton Global Bond – N (Acc) – EUR	2.10%	10,889,481.024	18.93	19.21	14.82	–
Templeton Global Bond – N (Acc) – EUR hedged (H1)	2.10%	78,986,699.656	18.56	17.31	15.29	–
Templeton Global Bond – N (Acc) – HUF	2.35%	942,069.233	100.30	–	–	–
Templeton Global Bond – N (Acc) – PLN hedged (H1)	2.10%	3,232,100.147	11.30	10.43	–	–
Templeton Global Bond – N (Mdis) – EUR hedged (H1)	2.11%	110,564,042.005	15.25	14.42	13.20	–
Templeton Global Bond – N (Ydis) – EUR hedged (H1)	2.15%	459,806.260	10.46	9.76	–	–
Templeton Global Bond – Z (Acc)	1.11%	7,758,789.387	10.97	10.13	–	–
Templeton Global Bond – Z (Mdis) – USD	1.89%	10,388.000	10.13	–	–	–
Templeton Global Bond – Z (Ydis) – EUR hedged (H1)	1.11%	74,016.510	10.43	9.77	–	–
<b>Templeton Global Bond (Euro) Fund – EUR</b>						
Templeton Global Bond (Euro) – A (Acc)	1.36%	17,177,959.682	13.31	13.16	11.64	–
Templeton Global Bond (Euro) – A (Acc) – USD	1.40%	495.534	10.10	–	–	–
Templeton Global Bond (Euro) – A (Ydis)	1.36%	8,021,394.849	10.04	10.37	9.69	–
Templeton Global Bond (Euro) – B (Acc) – USD	2.86%	17,953.825	11.94	10.89	11.21	–
Templeton Global Bond (Euro) – I (Acc)	0.83%	727,114.733	13.25	13.08	11.51	–
Templeton Global Bond (Euro) – N (Acc)	2.06%	10,299,606.247	12.64	12.55	11.18	–
<b>Templeton Global Equity Income Fund – USD</b>						
Templeton Global Equity Income – A (Acc)	1.50%	1,928,884.336	10.55	8.69	8.36	–
Templeton Global Equity Income – A (Acc) – EUR	1.50%	104,199.994	9.92	8.94	7.50	–
Templeton Global Equity Income – A (Qdis)	1.50%	5,545,165.288	9.18	7.68	7.56	–
Templeton Global Equity Income – A (Qdis) – SGD	1.50%	3,595,025.178	5.74	5.24	5.34	–
Templeton Global Equity Income – B (Qdis)	2.75%	835,178.635	9.13	7.62	7.52	–
Templeton Global Equity Income – C (Qdis)	2.10%	60,582.738	9.12	7.64	7.53	–
Templeton Global Equity Income – I (Acc)	1.00%	815.000	10.84	8.91	8.54	–
Templeton Global Equity Income – I (Qdis) – JPY	0.92%	3,229.423	796.81	726.64	779.81	–
Templeton Global Equity Income – N (Acc)	2.25%	115,564.570	10.11	8.36	8.11	–
<b>Templeton Global High Yield Fund – USD</b>						
Templeton Global High Yield – A (Acc)	1.67%	859,588.308	12.12	11.17	9.43	–
Templeton Global High Yield – A (Acc) – EUR	1.66%	1,261,698.369	9.07	9.14	6.73	–
Templeton Global High Yield – A (Mdis)	1.66%	354,600.933	9.96	9.44	8.47	–
Templeton Global High Yield – A (Mdis) – EUR	1.67%	3,303,495.777	7.46	7.74	6.04	–
Templeton Global High Yield – A (Mdis) – GBP	1.66%	168,364.579	6.39	6.33	5.15	–
Templeton Global High Yield – I (Acc)	0.86%	416,069.067	12.44	11.42	9.57	–
Templeton Global High Yield – I (Acc) – EUR	0.87%	347,411.023	9.27	9.31	6.82	–
Templeton Global High Yield – N (Acc) – EUR	2.16%	1,134,003.635	8.90	8.99	6.66	–
<b>Templeton Global Income Fund – USD</b>						
Templeton Global Income – A (Acc)	1.50%	4,776,985.321	14.87	12.80	11.59	–
Templeton Global Income – A (Acc) – EUR	1.50%	1,683,940.679	13.98	13.16	10.39	–
Templeton Global Income – A (Acc) – HKD	1.50%	3,882.150	10.67	9.21	–	–
Templeton Global Income – A (Qdis)	1.50%	4,674,361.011	12.18	10.65	10.05	–
Templeton Global Income – A (Qdis) – HKD	1.50%	198,056.907	10.54	9.21	–	–
Templeton Global Income – A (Qdis) – SGD	1.50%	685.200	9.86	9.38	–	–
Templeton Global Income – B (Qdis)	2.75%	1,725,449.567	12.12	10.60	10.01	–
Templeton Global Income – C (Qdis)	2.10%	3,976,629.037	12.13	10.61	10.02	–
Templeton Global Income – I (Acc)	0.89%	739,859.171	15.36	13.18	11.86	–
Templeton Global Income – N (Acc)	2.00%	2,393,918.243	14.43	12.45	11.33	–
Templeton Global Income – Z (Acc)	1.00%	37,540.000	11.38	9.77	–	–
<b>Templeton Global Smaller Companies Fund – USD</b>						
Templeton Global Smaller Companies – A (Acc)	1.85%	3,731,177.609	35.71	27.52	21.82	–
Templeton Global Smaller Companies – A (Acc) – SGD	1.85%	931,110.361	7.51	6.31	5.18	–
Templeton Global Smaller Companies – A (Ydis)	1.85%	3,942,117.285	34.02	26.24	21.04	–
Templeton Global Smaller Companies – B (Acc)	3.17%	395,926.507	9.98	7.74	6.22	–
Templeton Global Smaller Companies – C (Acc) – EUR	2.46%	51,449.084	10.62	8.98	6.25	–
Templeton Global Smaller Companies – C (Ydis)	2.44%	80,591.638	14.29	11.05	8.86	–
Templeton Global Smaller Companies – I (Acc)	0.98%	2,442,421.313	15.62	11.98	9.42	–
Templeton Global Smaller Companies – N (Acc)	2.60%	520,873.235	24.54	18.98	15.17	–
<b>Templeton Global Total Return Fund – USD</b>						
Templeton Global Total Return – A (Acc)	1.37%	125,057,863.151	23.94	21.70	17.82	–
Templeton Global Total Return – A (Acc) – CHF hedged (H1)	1.40%	14,429,341.111	12.22	11.18	–	–

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio Dec 31, 2010 (see Note 17)	Shares Outstanding Dec 31, 2010	Net Asset Value per Share		
			Dec 31, 2010	Jun 30, 2010	Jun 30, 2009
<b>Templeton Global Total Return Fund – USD (continued)</b>					
Templeton Global Total Return – A (Acc) – EUR	1.37%	15,118,040.568	17.88	17.73	12.70
Templeton Global Total Return – A (Acc) – EUR hedged (H1)	1.40%	52,771,075.148	17.39	15.82	12.97
Templeton Global Total Return – A (Acc) – HKD	1.37%	9,773,774.090	11.51	10.46	–
Templeton Global Total Return – A (Acc) – PLN hedged (H1)	1.40%	4,507,354.382	63.21	57.04	46.65
Templeton Global Total Return – A (Acc) – SEK hedged (H1)	1.40%	892,843.785	10.14	–	–
Templeton Global Total Return – A (Mdis)	1.37%	122,705,277.344	16.94	15.69	13.71
Templeton Global Total Return – A (Mdis) – EUR	1.37%	18,915,914.652	12.71	12.87	9.81
Templeton Global Total Return – A (Mdis) – EUR hedged (H1)	1.40%	36,713,331.875	11.02	10.25	8.94
Templeton Global Total Return – A (Mdis) – GBP	1.37%	3,822,884.496	10.90	10.54	8.36
Templeton Global Total Return – A (Mdis) – GBP hedged (H1)	1.40%	9,572,877.025	8.37	7.75	6.87
Templeton Global Total Return – A (Mdis) – HKD	1.37%	303,838,052.879	11.11	10.31	–
Templeton Global Total Return – A (Mdis) – SGD	1.37%	13,169,048.184	11.04	11.15	10.09
Templeton Global Total Return – A (Mdis) – SGD hedged (H1)	1.40%	17,628,967.683	11.25	10.47	–
Templeton Global Total Return – A (Mdis) – AUD hedged (H1)	1.40%	149,358.600	10.18	–	–
Templeton Global Total Return – A (Ydis) – EUR	1.38%	3,616,408.011	12.96	13.54	10.31
Templeton Global Total Return – A (Ydis) – EUR hedged (H1)	1.43%	862,234.393	10.71	9.76	–
Templeton Global Total Return – B (Acc)	2.84%	4,075,749.498	21.53	19.66	16.38
Templeton Global Total Return – B (Mdis)	2.85%	8,456,423.890	16.88	15.66	13.68
Templeton Global Total Return – C (Mdis)	2.01%	35,730,152.399	15.07	13.96	12.20
Templeton Global Total Return – I (Acc)	0.85%	36,064,198.131	22.12	20.00	16.34
Templeton Global Total Return – I (Acc) – EUR	0.84%	4,864,110.170	16.55	16.36	11.66
Templeton Global Total Return – I (Acc) – EUR hedged (H1)	0.85%	26,692,692.162	15.57	14.13	11.53
Templeton Global Total Return – I (Acc) – CHF hedged (H1)	0.85%	348,131.403	10.61	–	–
Templeton Global Total Return – I (Mdis) – CHF	0.84%	8,580.815	15.52	16.60	14.62
Templeton Global Total Return – I (Mdis) – EUR	0.85%	891,529.274	12.44	12.65	9.63
Templeton Global Total Return – I (Mdis) – GBP	0.85%	910,503.168	12.68	12.26	–
Templeton Global Total Return – I (Mdis) – GBP hedged (H1)	0.85%	4,603,372.960	11.90	11.03	–
Templeton Global Total Return – I (Ydis) – EUR	0.85%	622,546.595	12.97	13.51	10.21
Templeton Global Total Return – I (Ydis) – EUR hedged (H1)	0.85%	690,708.049	10.74	9.77	–
Templeton Global Total Return – N (Acc)	2.07%	29,348,356.273	22.74	20.68	17.11
Templeton Global Total Return – N (Acc) – EUR	2.07%	12,054,993.644	16.98	16.89	12.18
Templeton Global Total Return – N (Acc) – EUR hedged (H1)	2.10%	33,928,284.025	16.45	15.02	12.39
Templeton Global Total Return – N (Acc) – HUF	2.36%	754,332.559	101.43	–	–
Templeton Global Total Return – N (Mdis) – EUR hedged (H1)	2.10%	50,798,313.252	13.09	12.17	10.61
Templeton Global Total Return – N (Ydis) – EUR hedged (H1)	2.13%	204,523.027	10.68	9.76	–
Templeton Global Total Return – Z (Acc)	1.11%	2,659,068.534	11.29	10.22	–
Templeton Global Total Return – Z (Mdis) – USD	1.83%	8,891.000	10.15	–	–
Templeton Global Total Return – Z (Ydis) – EUR hedged (H1)	1.09%	93,993.510	10.61	9.76	–
<b>Templeton Growth (Euro) Fund – EUR</b>					
Templeton Growth (Euro) – A (Acc)	1.86%	457,211,280.961	9.68	8.72	7.08
Templeton Growth (Euro) – A (Acc) – hedged (H2)	1.86%	227,571.177	11.43	9.87	–
Templeton Growth (Euro) – A (Acc) – USD	1.86%	18,376,048.801	12.97	10.67	9.94
Templeton Growth (Euro) – A (Ydis)	1.86%	20,639,663.262	10.21	9.23	7.57
Templeton Growth (Euro) – A (Ydis) – USD	1.86%	2,291,333.575	13.62	11.26	10.59
Templeton Growth (Euro) – B (Ydis)	3.14%	20,959.076	7.14	6.47	5.33
Templeton Growth (Euro) – C (Acc)	2.44%	2,626.263	8.06	7.28	5.95
Templeton Growth (Euro) – I (Acc)	0.95%	2,450,829.303	10.47	9.38	7.55
Templeton Growth (Euro) – I (Ydis)	0.95%	783,024.609	9.62	8.73	7.16
Templeton Growth (Euro) – I (Ydis) – USD	0.95%	675,212.685	12.90	10.71	10.08
Templeton Growth (Euro) – N (Acc)	2.61%	2,668,568.661	8.91	8.05	6.59
<b>Templeton Korea Fund – USD</b>					
Templeton Korea – A (Acc)	2.57%	11,323,414.379	6.43	4.55	4.25
Templeton Korea – A (Acc) – SGD	2.57%	5,191,756.509	7.09	5.47	5.29
Templeton Korea – C (Acc)	3.17%	53,055.816	11.17	7.93	7.45
Templeton Korea – I (Acc)	1.39%	291,339.054	12.08	8.50	7.83
Templeton Korea – N (Acc)	3.06%	445,706.510	17.60	12.49	11.71
<b>Templeton Latin America Fund – USD</b>					
Templeton Latin America – A (Acc)	2.28%	6,645,410.891	98.82	76.18	59.40
Templeton Latin America – A (Acc) – SGD	2.29%	5,649,466.703	10.34	8.70	7.02
Templeton Latin America – A (Ydis)	2.28%	20,414,028.760	91.85	71.11	55.88
Templeton Latin America – A (Ydis) – EUR	2.29%	822,723.322	68.67	58.14	39.85
Templeton Latin America – A (Ydis) – GBP	2.29%	147,238.586	59.19	47.84	34.16
Templeton Latin America – B (Acc)	3.59%	7,232,575.669	19.13	14.85	11.73
Templeton Latin America – C (Acc)	2.86%	1,524,245.300	19.71	15.24	11.95
Templeton Latin America – I (Acc)	1.30%	35,771,893.487	30.04	23.05	17.79
Templeton Latin America – I (Ydis) – EUR hedged (H2)	1.29%	3,145,426.340	12.35	10.36	–

## STATISTICAL INFORMATION (CONTINUED)

All classes in base currency unless otherwise stated

	Total Expense Ratio Dec 31, 2010 (see Note 17)	Shares Outstanding Dec 31, 2010	Net Asset Value per Share		
			Dec 31, 2010	Jun 30, 2010	Jun 30, 2009
<b>Templeton Latin America Fund – USD</b> (continued)					
Templeton Latin America – N (Acc)	2.78%	4,028,422.078	52.25	40.38	31.64
Templeton Latin America – N (Acc) – PLN hedged (H1)	2.79%	1,190,220.456	12.02	9.33	–
Templeton Latin America – Z (Acc)	1.79%	31,442.743	12.32	9.48	–
<b>Templeton Thailand Fund – USD</b>					
Templeton Thailand – A (Acc)	2.49%	10,558,605.055	15.59	11.30	8.45
Templeton Thailand – A (Acc) – SGD	2.50%	1,197,189.277	11.25	8.89	6.88
Templeton Thailand – B (Acc)	3.79%	337,255.459	15.92	11.62	8.81
Templeton Thailand – I (Acc)	1.40%	675,318.586	14.17	10.22	7.55
Templeton Thailand – N (Acc)	3.02%	765,293.555	19.92	14.48	10.88
<b>Templeton U.S. Value Fund – USD</b>					
Templeton U.S. Value – A (Acc)	1.91%	724,835.155	11.78	9.69	8.44
Templeton U.S. Value – A (Acc) – EUR	1.89%	8,968.853	8.81	7.93	6.02
Templeton U.S. Value – A (Acc) – EUR hedged (H1)	1.90%	86,803.141	8.19	6.77	5.92
Templeton U.S. Value – A (Ydis) – EUR	1.92%	433.749	8.71	7.84	5.95
Templeton U.S. Value – A (Ydis) – GBP	1.93%	12,445.548	7.47	6.41	5.07
Templeton U.S. Value – B (Acc)	3.19%	74,027.732	10.73	8.88	7.83
Templeton U.S. Value – C (Acc)	2.49%	140,948.455	11.26	9.28	8.13
Templeton U.S. Value – I (Acc)	0.99%	1,419,322.479	11.73	9.61	8.29
Templeton U.S. Value – I (Acc) – EUR	0.99%	407.830	9.42	8.43	6.32
Templeton U.S. Value – I (Acc) – EUR hedged (H1)	1.00%	384,952.878	7.18	5.90	5.12
Templeton U.S. Value – I (Ydis) – GBP	0.99%	609.756	7.82	6.70	5.28
Templeton U.S. Value – N (Acc)	2.67%	292,014.722	11.15	9.20	8.08

\* This Fund was launched during the current period.

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010

### Note 1 — The Company

Franklin Templeton Investment Funds (“FTIF” or the “Company”) is a collective investment undertaking pursuant to Part 1 of the Luxembourg law of December 20, 2002 on undertakings for collective investment, as amended, 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 68 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.

#### Fund launches

The following Fund was launched effective on October 29, 2010:

- Templeton Global Aggregate Bond Fund

#### Fund mergers

On August 27, 2010 Franklin Global Real Estate (Euro) Fund was merged into Franklin Global Real Estate Fund.

#### Share class launches

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

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

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

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

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

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

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

- Templeton China Fund Class I (YDis) GBP

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

- Franklin Strategic Income Fund Class N (Acc)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

### Note 1 — The Company (continued)

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

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

### 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, the Franklin U.S. Government Fund, the Templeton Asian Bond Fund and the Templeton BRIC Fund which were computed on the first-in, first-out basis.

During the accounting 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”.

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

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

#### (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.

#### (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

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

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

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 accounting year. The following percentages apply in respect of the different Funds as at December 31, 2010.

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

	All classes except Class I and Class X	Class I
Franklin Asian Flex Cap Fund	1.00%	0.70%
Franklin Biotechnology Discovery Fund	1.00%	0.70%
Franklin Euroland Core Fund	1.00%	0.70%
Franklin European Growth Fund	1.00%	0.70%
Franklin European Small-Mid Cap Growth Fund	1.00%	0.70%
Franklin Global Growth Fund	1.00%	0.70%
Franklin Global Real Estate Fund	1.00%	0.70%
Franklin Global Real Estate (Euro) Fund*	1.00%	0.70%
Franklin Global Small-Mid Cap Growth Fund	1.00%	0.70%
Franklin Gold and Precious Metals Fund	1.00%	0.70%
Franklin High Yield Fund	0.80%	0.60%
Franklin Income Fund	0.85%	0.60%
Franklin India Fund	1.00%	0.70%
Franklin MENA Fund	1.50%	1.05%
Franklin Natural Resources Fund	1.00%	0.70%
Franklin Real Return Fund	0.75%	
Franklin Strategic Income Fund	0.75%	0.55%
Franklin Technology Fund	1.00%	0.70%
Franklin U.S. Dollar Liquid Reserve Fund	0.30%	0.20%
Franklin U.S. Equity Fund	1.00%	0.70%
Franklin U.S. Focus Fund	1.00%	0.70%
Franklin U.S. Government Fund	0.65%	0.40%
Franklin U.S. Opportunities Fund	1.00%	0.70%
Franklin U.S. Small-Mid Cap Growth Fund	1.00%	0.70%
Franklin U.S. Total Return Fund	0.75%	0.55%
Franklin U.S. Ultra Short Bond Fund	0.65%	0.40%
Franklin World Perspectives Fund	1.00%	0.70%
Franklin Mutual Beacon Fund	1.00%	0.70%
Franklin Mutual Euroland Fund	1.00%	0.70%
Franklin Mutual European Fund	1.00%	0.70%
Franklin Mutual Global Discovery Fund	1.00%	0.70%
Franklin Templeton Global Equity Strategies Fund	1.25%	
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 High Yield Fund	0.80%	0.60%
Templeton Euro Liquid Reserve Fund	0.30%	0.20%
Templeton Euro Money Market Fund	0.25%	0.20%
Templeton Euroland Fund	1.00%	0.70%
Templeton European Fund	1.00%	0.70%
Templeton European Corporate Bond Fund	0.65%	0.40%
Templeton European Total Return Fund	0.75%	0.55%
Templeton Frontier Markets Fund	1.60%	1.10%
Templeton Global Fund	1.00%	0.70%
Templeton Global (Euro) Fund	1.00%	0.70%
Templeton Global Aggregate Bond Fund	0.65%	0.40%
Templeton Global Balanced Fund	0.80%	0.60%
Templeton Global Bond Fund	0.75%	0.55%
Templeton Global Bond (Euro) Fund	0.75%	0.55%
Templeton Global Equity Income Fund	1.00%	0.70%
Templeton Global High Yield Fund	0.85%	0.60%
Templeton Global Income Fund	0.85%	0.60%
Templeton Global Smaller Companies Fund	1.00%	0.70%
Templeton Global Total Return Fund	0.75%	0.55%
Templeton Growth (Euro) Fund	1.00%	0.70%

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

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

### Note 3 — Investment management fees (continued)

Templeton Korea Fund	1.60%	1.10%
Templeton Latin America Fund	1.40%	1.00%
Templeton Thailand Fund	1.60%	1.10%
Templeton U.S. Value Fund	1.00%	0.70%

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

### Note 4 — Forward foreign exchange contracts

As at December 31, 2010 the Company had entered into the following outstanding contracts:

#### Franklin Global Growth Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
19	EUR 1,841,385	USD 2,463,719	(477)
2	USD 100,000	EUR 75,731	(1,306)
			(1,783)

#### Franklin Global Real Estate Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
25	EUR 20,666,327	USD 27,254,522	390,947
3	USD 576,403	EUR 438,109	(9,656)
3	EUR 298,858	HKD 3,045,300	7,880
2	EUR 245,852	JPY 26,855,400	(2,054)
2	AUD 68,100	EUR 52,077	(318)
2	EUR 136,233	GBP 116,000	1,297
1	EUR 303,986	AUD 399,100	246
			388,342

#### Franklin Gold and Precious Metals Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
21	EUR 3,594,318	USD 4,745,409	62,735
6	CHF 2,647,238	USD 2,730,155	104,872
2	SEK 6,852,256	USD 1,000,576	19,444
1	USD 175,382	EUR 132,000	(1,195)
			185,856

#### Franklin High Yield Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
12	SGD 44,169,145	USD 33,581,511	845,216
1	USD 19,226,299	EUR 13,616,841	1,011,165
			1,856,381

#### Franklin Income Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
9	SGD 31,129,457	USD 23,641,697	621,703

#### Franklin India Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
13	PLN 24,463,786	USD 8,003,804	241,653
2	USD 1,164,873	PLN 3,532,000	(25,578)
			216,075

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

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

As at December 31, 2010 the Company had entered into the following outstanding contracts:

#### Franklin MENA Fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) USD
36	EUR	14,460,838	USD	19,320,573	23,846
2	USD	760,832	EUR	577,000	(11,027)
					12,819

#### Franklin Real Return Fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) USD
5	EUR	2,441,012	USD	3,222,621	42,737
1	CLP	24,562,500	USD	50,000	1,015
1	USD	345,260	EUR	250,000	11,304
					55,056

#### Franklin Strategic Income Fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) USD
59	USD	20,403,114	EUR	15,423,050	(211,199)
53	USD	9,339,836	JPY	802,169,300	(573,191)
30	INR	148,370,000	USD	3,156,233	73,696
25	PHP	147,963,000	USD	3,275,102	103,169
16	CLP	1,760,054,700	USD	3,426,611	285,010
3	USD	618,816	GBP	394,419	4,863
3	CNY	4,009,950	USD	598,891	8,693
2	USD	334,918	MXN	4,331,340	(13,680)
1	IDR	1,445,400,000	USD	150,000	8,645
1	ILS	752,800	USD	200,000	13,386
					(300,608)

#### Franklin U.S. Equity Fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) USD
20	EUR	29,756,056	USD	39,285,552	519,324
1	USD	11,013,498	EUR	8,341,000	(144,314)
					375,010

#### Franklin U.S. Focus Fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) USD
34	EUR	5,294,594	USD	7,082,863	(227)

#### Franklin U.S. Government Fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) USD
7	SGD	6,387,193	USD	4,854,195	124,171
1	USD	131,006	SGD	171,000	(2,276)
					121,895

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

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

As at December 31, 2010 the Company had entered into the following outstanding contracts:

#### Franklin U.S. Opportunities Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
21	EUR 38,415,465	USD 50,700,567	688,061
12	PLN 7,156,797	USD 2,361,984	48,620
9	CHF 1,605,767	USD 1,660,821	58,856
3	USD 3,930,217	EUR 2,974,636	(48,974)
3	SEK 6,983,114	USD 1,019,576	19,925
			766,488

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

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
23	INR 20,970,350	USD 454,942	(2,664)
18	PHP 20,528,000	USD 448,183	19,941
17	USD 2,879,809	EUR 2,191,560	(49,571)
5	MYR 361,527	USD 111,703	4,259
5	USD 457,997	GBP 293,000	7,615
3	CLP 31,085,000	USD 59,306	6,464
1	USD 209,000	MXN 2,796,984	(17,385)
			(31,341)

#### Franklin Mutual Beacon Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
69	EUR 84,836,139	USD 114,083,027	(600,516)
14	USD 130,693,414	EUR 98,811,367	(1,466,477)
13	DKK 16,325,026	USD 2,953,458	(23,900)
11	USD 89,806,054	GBP 55,973,409	2,514,500
10	NOK 22,580,414	USD 3,720,603	148,417
8	GBP 3,910,000	USD 6,218,340	(121,020)
8	CHF 4,108,273	USD 4,252,553	153,489
7	USD 6,272,494	JPY 509,602,053	(13,305)
6	USD 15,249,987	NOK 94,759,906	(986,560)
5	USD 23,783,353	CHF 22,939,427	(820,026)
3	USD 5,324,190	DKK 30,080,110	(73,743)
			(1,289,141)

#### Franklin Mutual European Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
7	CHF 1,788,979	EUR 1,398,943	33,272

#### Franklin Mutual Global Discovery Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
11	CHF 3,255,559	USD 3,303,360	182,694
4	EUR 7,670,685	CHF 9,552,200	30,578
4	EUR 14,771,675	GBP 12,589,700	122,122
4	EUR 64,051,543	USD 83,852,300	1,829,188
3	CHF 269,800	EUR 216,088	(103)
2	GBP 185,200	EUR 216,146	(256)
1	USD 1,056,900	EUR 805,656	(20,823)
			2,143,400

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

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

As at December 31, 2010 the Company had entered into the following outstanding contracts:

#### Franklin Templeton Global Equity Strategies Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
11	EUR 6,232,466	USD 8,257,096	80,250

#### Franklin Templeton Global Fundamental Strategies Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
72	USD 34,593,014	JPY 2,953,530,046	(1,907,003)
47	USD 38,452,005	EUR 28,407,214	471,337
40	PHP 426,216,000	USD 9,525,054	201,361
39	CLP 6,115,002,000	USD 11,745,326	1,243,027
31	INR 456,851,050	USD 9,782,100	106,138
22	EUR 101,664,633	USD 134,213,290	1,784,175
17	NOK 87,344,150	EUR 10,608,639	661,936
15	MYR 21,146,423	USD 6,534,764	238,067
10	PLN 3,448,941	USD 1,137,968	23,729
9	PLN 14,177,000	EUR 3,423,076	154,051
5	USD 3,926,523	NZD 5,727,233	(522,047)
5	SEK 58,924,245	EUR 6,201,669	406,364
4	KRW 942,000,000	JPY 71,209,452	(39,519)
4	MYR 3,116,000	EUR 746,140	543
3	AUD 921,000	JPY 68,156,149	96,098
3	ILS 11,461,245	USD 3,069,677	181,603
2	PEN 749,941	USD 261,495	4,378
2	BRL 1,618,000	JPY 73,747,202	60,309
2	AUD 4,836,086	USD 4,028,000	887,905
1	CNY 21,367,000	USD 3,217,679	14,862
1	NZD 854,871	USD 647,906	16,205
1	KRW 1,136,628,900	USD 963,000	48,431
1	SEK 33,492,452	USD 4,357,592	596,725
			4,728,675

#### Templeton Asian Bond Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
62	USD 312,347,650	JPY 26,566,209,719	(15,926,373)
42	PHP 14,942,996,700	USD 328,314,125	13,046,298
19	EUR 165,451,052	USD 218,434,596	2,890,391
16	CHF 16,598,271	USD 17,129,397	646,321
15	INR 13,883,058,459	USD 300,064,343	1,188,790
5	MYR 143,915,000	USD 42,853,343	3,504,386
4	CNY 461,868,200	USD 67,748,803	2,123,663
2	USD 29,670,781	EUR 22,471,093	(388,951)
2	USD 2,516,900	NZD 3,668,393	(332,914)
1	SGD 1,275,375	USD 967,913	26,160
1	KRW 58,200,000,000	USD 50,000,000	1,497,285
			8,275,056

#### Templeton Asian Growth Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
48	EUR 404,669,130	USD 540,800,634	529,595
21	CHF 27,492,759	USD 28,455,485	986,800
14	PLN 34,645,532	USD 11,546,605	124,477
2	USD 6,163,351	EUR 4,662,000	(73,058)
2	EUR 4,313,730	IDR 51,382,728,700	90,194
1	EUR 5,048,527	KRW 7,653,567,500	(62,146)
1	USD 1,028,317	CHF 995,000	(37,238)
1	HKD 4,113,700	EUR 403,113	(9,848)
1	USD 1,086,015	PLN 3,248,000	(8,142)
1	IDR 1,782,727,100	EUR 150,568	(4,337)
1	EUR 10,847,712	INR 645,221,900	146,740
1	EUR 11,130,653	THB 440,495,600	231,893
1	EUR 16,671,708	HKD 169,743,000	457,370
			2,372,300

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

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

As at December 31, 2010 the Company had entered into the following outstanding contracts:

#### Templeton BRIC Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
23	EUR 50,736,974	USD 67,174,022	698,268
13	PLN 10,930,520	USD 3,571,519	112,584
2	USD 1,111,365	PLN 3,330,000	(11,003)
2	USD 141,315	EUR 106,000	(485)
			799,364

#### Templeton Emerging Markets Bond Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
57	CLP 94,834,501,007	USD 180,743,163	20,715,300
37	INR 7,830,233,250	USD 166,912,088	3,198,881
34	PHP 9,765,520,000	USD 215,865,545	7,241,697
30	USD 559,430,705	EUR 424,945,003	(8,616,484)
16	EUR 167,667,013	USD 224,200,265	89,755
12	USD 424,834,372	JPY 38,497,457,333	(50,108,377)
12	GBP 2,061,286	USD 3,263,266	(47,813)
10	CHF 16,878,133	USD 17,476,722	600,068
7	SEK 9,491,436	USD 1,385,298	27,684
7	PLN 188,285,000	EUR 45,420,839	2,038,732
6	MYR 307,967,724	USD 95,819,770	2,287,157
4	NOK 17,110,579	USD 2,875,479	60,493
4	KRW 187,257,020,300	USD 159,488,773	6,624,491
1	USD 1,175,072	CHF 1,137,000	(42,553)
1	CNY 54,396,000	USD 8,191,552	37,835
1	PEN 14,312,777	USD 4,988,769	84,436
			(15,808,698)

#### Templeton Euro High Yield Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
4	EUR 53,979,530	GBP 46,870,000	(676,632)
2	EUR 44,618,609	USD 61,000,000	(982,335)
2	USD 3,000,000	EUR 2,259,630	(16,961)
1	GBP 2,100,000	EUR 2,401,317	47,540
			(1,628,388)

#### Templeton European Corporate Bond Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
1	PLN 800,000	EUR 201,580	(532)
1	EUR 91,892	GBP 78,000	948
			416

#### Templeton European Total Return Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
1	PLN 8,000,000	EUR 2,013,693	(3,210)
1	SEK 55,000,000	EUR 5,846,992	267,030
1	NOK 50,000,000	EUR 6,093,400	309,918
			573,738

#### Templeton Frontier Markets Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
34	EUR 112,616,582	USD 150,438,611	209,838
1	USD 822,177	EUR 614,000	822
			210,660

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

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

As at December 31, 2010 the Company had entered into the following outstanding contracts:

#### Templeton Global (Euro) Fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) EUR
1	EUR	166,006	JPY	18,155,200	(1,237)
1	EUR	448,924	GBP	382,600	2,788
1	EUR	1,285,207	USD	1,682,400	27,522
					29,073

#### Templeton Global Aggregate Bond Fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) USD
6	USD	2,348,062	EUR	1,681,000	99,390
5	EUR	3,410,447	USD	4,500,392	61,785
2	USD	42,116	GBP	27,000	(2)
2	GBP	1,184,873	USD	1,844,575	3,708
1	USD	564,002	AUD	570,000	(16,494)
1	KRW	800,000,000	USD	717,875	(5,428)
1	USD	21,716	CHF	21,000	(774)
1	MYR	2,200,000	USD	711,974	226
1	MXN	4,500,000	USD	363,636	441
1	SGD	500,000	USD	388,145	1,574
1	CAD	280,000	USD	276,601	4,056
1	CHF	934,335	USD	961,408	39,206
					187,688

#### Templeton Global Balanced fund

Number of contracts	Purchases		Sales		Unrealised Profit/(Loss) USD
39	USD	31,009,425	JPY	2,638,885,000	(1,600,957)
33	EUR	3,494,528	USD	4,673,915	754
28	INR	633,581,000	USD	13,565,830	239,680
21	CLP	8,052,618,000	USD	15,445,836	1,646,099
5	USD	1,121,870	EUR	806,890	42,697
4	NZD	11,220,000	USD	7,835,951	875,588
1	USD	8,740,511	NZD	12,744,985	(1,155,071)
1	CNY	17,840,000	USD	2,686,545	12,409
1	MYR	10,640,000	USD	3,248,756	163,032
					224,231

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

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

As at December 31, 2010 the Company had entered into the following outstanding contracts:

#### Templeton Global Bond Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
96	EUR 7,380,256,193	USD 9,771,311,695	101,466,584
86	USD 7,095,858,390	EUR 5,260,218,315	63,204,355
85	USD 5,691,448,090	JPY 490,746,001,495	(370,196,445)
66	CLP 762,433,933,790	USD 1,471,249,836	146,111,553
60	INR 74,497,233,935	USD 1,582,663,654	38,851,232
58	PHP 77,656,734,468	USD 1,689,153,152	84,010,757
22	NOK 10,685,931,983	EUR 1,299,838,002	83,121,084
21	GBP 514,077,241	USD 812,043,617	(10,070,265)
19	CHF 158,748,762	USD 160,988,844	8,999,461
14	MYR 1,557,558,715	USD 476,928,807	22,850,616
12	SGD 313,392,797	USD 238,513,678	5,753,850
12	SEK 6,263,467,396	EUR 653,157,020	52,220,322
10	SEK 791,241,484	USD 114,554,349	3,269,111
9	PLN 34,927,772	USD 11,404,283	368,034
8	NOK 20,903,410	USD 3,469,584	118,645
7	PLN 1,022,944,500	EUR 246,817,758	10,185,933
6	AUD 319,628,345	USD 289,224,400	27,693,470
4	KRW 100,056,000,000	JPY 7,563,662,159	(4,198,113)
3	USD 114,193,319	NZD 166,302,415	(14,999,774)
3	JPY 116,179,960	USD 1,390,000	41,410
3	AUD 97,962,000	JPY 7,249,416,578	10,221,403
2	ILS 169,383,124	USD 45,135,805	2,866,579
2	BRL 165,294,000	JPY 7,533,971,142	6,161,209
2	BRL 166,220,021	USD 83,620,928	15,758,117
1	USD 3,813,589	SEK 26,313,000	(104,670)
1	USD 1,017,877	CHF 985,000	(36,861)
1	PEN 13,700,000	USD 4,775,183	80,821
1	CNY 763,726,000	USD 115,010,315	531,207
1	KRW 59,910,000,000	USD 51,332,362	1,967,164
			286,246,789

#### Templeton Global Bond (Euro) Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
18	EUR 50,607,016	USD 66,053,999	1,204,923
13	EUR 33,943,702	MXN 583,281,811	(528,685)
8	EUR 14,374,070	PLN 58,860,728	(276,003)
6	EUR 18,314,381	IDR 220,714,018,136	660,524
4	EUR 10,902,444	BRL 26,351,765	(696,408)
4	EUR 40,652,486	KRW 61,962,684,920	(395,720)
2	EUR 689,794	AUD 1,033,977	(81,611)
1	EUR 44,916,994	MYR 189,033,170	(115,954)
1	EUR 297,162	NZD 540,000	(15,805)
1	MYR 4,100,000	EUR 953,948	23,459
1	CLP 575,000,000	EUR 818,214	94,447
1	EUR 17,097,322	HUF 4,898,211,740	118,975
1	SEK 24,284,109	EUR 2,537,922	148,775
			140,917

#### Templeton Global High Yield Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
65	USD 5,851,338	JPY 508,049,576	(421,045)
36	USD 7,875,553	EUR 6,005,894	(152,675)
6	EUR 284,490	USD 378,580	1,931
4	USD 521,072	GBP 345,666	(17,301)
4	KRW 144,000,000	JPY 10,885,932	(6,046)
3	AUD 141,000	JPY 10,434,329	14,712
3	PHP 69,042,440	USD 1,450,000	123,451
2	BRL 221,000	JPY 10,072,995	8,238
2	MYR 5,453,090	USD 1,671,409	76,729
1	USD 35,261	NZD 51,561	(4,795)
1	INR 155,000,000	USD 3,209,176	119,818
			(256,983)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

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

As at December 31, 2010 the Company had entered into the following outstanding contracts:

#### Templeton Global Income Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
54	USD 12,732,660	JPY 1,086,677,000	(694,651)
31	PHP 186,657,000	USD 4,166,196	93,682
30	INR 95,516,000	USD 2,048,971	37,374
18	CLP 1,782,579,000	USD 3,444,462	344,557
15	MYR 33,776,342	USD 10,156,162	706,189
7	USD 14,531,889	EUR 11,107,341	(315,803)
6	AUD 3,005,512	USD 2,662,760	328,451
4	SEK 47,879,203	EUR 4,950,116	475,407
3	USD 617,609	NZD 901,846	(82,906)
3	NOK 8,667,900	EUR 1,041,417	92,681
2	USD 308,600	GBP 199,168	(1,371)
2	BRL 644,000	JPY 29,353,008	24,005
1	CNY 5,245,000	USD 789,850	3,648
1	PEN 703,645	USD 245,258	4,151
1	NOK 2,555,000	USD 424,123	13,640
1	KRW 4,323,438,900	USD 3,663,000	184,217
			1,213,271

#### Templeton Global Total Return Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
96	EUR 2,854,797,727	USD 3,767,858,999	51,023,169
93	USD 2,328,689,729	EUR 1,766,004,059	(31,916,214)
85	USD 2,071,039,617	JPY 178,826,503,226	(137,705,971)
67	CLP 252,501,456,000	USD 490,023,835	44,621,778
60	INR 22,016,788,813	USD 471,654,007	8,307,493
49	PHP 28,161,602,176	USD 621,093,801	21,727,970
28	NOK 5,128,660,786	EUR 626,083,802	34,163,816
20	GBP 128,549,283	USD 200,310,382	213,643
18	SEK 4,273,303,320	EUR 447,989,604	32,439,984
12	CHF 172,941,520	USD 178,400,475	6,809,147
11	SGD 188,458,835	USD 143,106,260	3,785,222
11	PLN 826,582,769	EUR 200,824,584	5,610,169
11	AUD 428,005,745	USD 396,511,216	23,269,479
10	PLN 272,695,541	USD 90,004,674	1,846,582
8	MYR 1,441,013,694	USD 425,518,520	39,228,206
4	KRW 28,733,000,000	JPY 2,172,050,268	(1,205,564)
4	USD 13,387,316	GBP 8,775,811	(278,167)
4	ILS 334,659,714	USD 89,125,082	5,698,851
3	KRW 89,082,350,000	USD 76,092,661	2,869,201
3	AUD 28,074,000	JPY 2,077,541,506	2,929,255
2	USD 30,366,039	NZD 44,212,797	(3,980,955)
2	SEK 8,568,901	USD 1,250,576	24,982
2	CNY 611,370,600	USD 91,781,432	703,618
2	BRL 46,262,000	JPY 2,108,585,619	1,724,383
2	BRL 25,239,660	USD 12,976,094	1,912,193
1	NOK 30,855,000	USD 5,121,842	164,726
1	PEN 39,899,863	USD 13,907,237	235,382
1	NZD 25,650,000	USD 17,833,419	2,092,947
			116,315,325

#### Templeton Growth (Euro) Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) EUR
2	EUR 147,554	CHF 183,800	397
2	EUR 332,504	GBP 283,100	2,392
2	EUR 1,218,481	USD 1,595,000	26,132
			28,921

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

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

As at December 31, 2010 the Company had entered into the following outstanding contracts:

#### Templeton Latin America Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
13	PLN 16,830,637	USD 5,613,915	55,842
1	EUR 16,616,000	BRL 37,178,300	(46,860)
1	USD 1,010,900	EUR 770,668	(20,019)
1	USD 1,076,056	PLN 3,218,000	(7,995)
1	BRL 1,116,800	EUR 502,045	(2,494)
1	EUR 17,524,730	USD 22,942,500	500,259
			478,733

#### Templeton U.S. Value Fund

Number of contracts	Purchases	Sales	Unrealised Profit/(Loss) USD
20	EUR 3,461,544	USD 4,570,362	60,169
2	USD 125,378	EUR 94,841	(1,490)
			58,679

#### CURRENCY ABBREVIATIONS

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

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

As at December 31, 2010 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
27,472,500	LCDX.NA.14, Jun. 2015	Barclays Bank/ Credit Suisse International/ Goldman Sachs International JP Morgan Chase Bank	Sell	USD	93,407	1,009,619

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

Nominal	Description	Counterparty	Buy/Sell protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
(2,425,000)	CDX.NA.HY.15, Dec. 2015	Barclays Bank/ Credit Suisse International/ JP Morgan Chase Bank	Buy	USD	(71,396)	(104,537)
3,960,000	LCDX.NA.14, Jun. 2015	Credit Suisse International	Sell	USD	13,464	198,347
						93,810

#### Templeton Euro High Yield Fund

Nominal	Description	Counterparty	Buy/Sell protection	Trading currency	Market value EUR	Unrealised profit/(loss) EUR
20,000,000	ITRX.EUR.XOVER.14, Dec. 2015	UBS AG	Sell	EUR	510,789	12,201

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

### Note 5 — Open positions on credit default swap contracts (continued)

As at December 31, 2010 the Company had entered into the following outstanding contracts:

#### Templeton Global High Yield Fund

Nominal	Description	Counterparty	Buy/Sell protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
4,455,000	LCDX.NA.14, Jun. 2015	Barclays Bank/ Credit Suisse International	Sell	USD	15,147	145,085

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

As at December 31, 2010, the Company had entered into the following outstanding contracts:

#### Templeton Global Bond Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
34,400,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.3675%	Citigroup	20-Dec-40	USD	(1,574,170)
263,000,000	Receiving floating rate USD-LIBOR Paying fixed rate 3.9625%				
31,200,000	Receiving floating rate USD-LIBOR Paying fixed rate 4.153%	JPMorgan Chase Bank	23-Nov-40	USD	6,778,807
		JPMorgan Chase Bank	10-Dec-40	USD	(244,877)
					4,959,760

### Note 7 — Open positions on futures contracts

As at December 31, 2010, the Company had entered into the following outstanding contracts:

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

Number of contracts purchased/(sold)	Description	Trading currency	Market value USD	Unrealised profit/(loss) USD
35	U.S. Treasury Note 2 years, Mar. 2011	USD	7,661,719	(14,437)
21	U.S. Treasury Note 10 years, Mar. 2011	USD	2,527,219	(68,045)
				(82,482)

#### Templeton Asian Bond Fund

Number of contracts purchased/(sold)	Description	Trading currency	Market value USD	Unrealised profit/(loss) USD
(1)	U.S. Treasury Note 10 years, Mar. 2011	USD	(120,344)	3,148

#### Templeton Emerging Markets Bond Fund

Number of contracts purchased/(sold)	Description	Trading currency	Market value USD	Unrealised profit/(loss) USD
(1)	U.S. Treasury Note 10 years, Mar. 2011	USD	(120,344)	3,148

#### Templeton Global Bond Fund

Number of contracts purchased/(sold)	Description	Trading currency	Market value USD	Unrealised profit/(loss) USD
(1)	U.S. Treasury Note 10 years, Mar. 2011	USD	(120,344)	3,148

#### Templeton Global Bond (Euro) Fund

Number of contracts purchased/(sold)	Description	Trading currency	Market value EUR	Unrealised profit/(loss) EUR
(1)	U.S. Treasury Note 10 years, Mar. 2011	USD	(89,960)	2,354

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

### Note 7 – Open positions on futures contracts (continued)

As at December 31, 2010, the Company had entered into the following outstanding contracts:

#### Templeton Global High Yield Fund

Number of contracts purchased/(sold)	Description	Trading currency	Market value USD	Unrealised profit/(loss) USD
(1)	U.S. Treasury Note 10 years, Mar. 2011	USD	(120,344)	3,148

#### Templeton Global Income Fund

Number of contracts purchased/(sold)	Description	Trading currency	Market value USD	Unrealised profit/(loss) USD
(1)	U.S. Treasury Note 10 years, Mar. 2011	USD	(120,344)	3,148

#### Templeton Global Total Return Fund

Number of contracts purchased/(sold)	Description	Trading currency	Market value USD	Unrealised profit/(loss) USD
(1)	U.S. Treasury Note 10 years, Mar. 2011	USD	(120,344)	3,148

### Note 8 — Open positions on options contracts

As at December 31, 2010 the Company had no open positions on options contracts.

### Note 9 — Securities lending

As at December 31, 2010, 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 Franklin U.S. Dollar Liquid Reserve Fund for which the rate is 0.01%). This tax is not applicable for the portion of the assets of a Fund invested in other undertakings for collective investment that have already been subject to such tax. Class I shares and Class X shares may benefit from a reduced rate of 0.01% per annum if all shareholders of 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.

### 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.

### Note 13 — Classes of shares

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

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

**Class AX(acc) Shares:** are offered at the applicable net asset value, plus an initial sales charge of up to 6.50% of the total amount invested. In addition, a maintenance charge of up to 0.50% per annum of the applicable average net asset value is deducted and paid to the Principal Distributor. 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.

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

### Note 13 — Classes of shares (continued)

**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.

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

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

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

**Class Z(dis) Shares:** are not subject to an initial sales charge, contingent deferred sales charge nor any maintenance, distribution or servicing charge. Class Z(dis) shares may be offered in certain limited circumstances as more fully described in the current prospectus and addendum of the Company.

**Alternative currency hedged 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.

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

### Note 14 — Soft commission

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

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

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

### 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, 2010.

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

### Note 15 — Connected party transactions (continued)

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, 2010:

▶ Administration and Transfer Agency Fees	USD	118,760,141
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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, 2010:

▶ Maintenance and Distribution charge	USD	225,234,947
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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, 2010:

▶ Servicing charge	USD	29,847,319
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### Note 16 — Expenses reimbursement

For the period ended December 31, 2010, the following expenses will be reimbursed in the first instance by the Administrative Agent “Franklin Templeton International Services S.A.” and in the event that the expense exceeds the Administration fee, they will be reimbursed by the Fund’s Investment Managers as detailed on pages 3 and 4.

Fund	Currency	Amount	Fund*	Class	Currency	Amount
Franklin Asian Flex Cap Fund	USD	15,396	Franklin Euroland Core Fund	I (Acc)	EUR	1,895
Franklin India Fund	USD	18,517	Franklin Euroland Core Fund	I (Acc) USD	EUR	1,896
Franklin Real Return Fund	USD	10,454	Franklin European Small-Mid Cap Growth Fund I	(Acc)	EUR	156
Franklin Global Real Estate (Euro) Fund	EUR	86	Franklin European Small-Mid Cap Growth Fund I	(Acc) USD	EUR	83
Franklin Strategic Income Fund	USD	231,375	Franklin Global Real Estate Fund	I (Acc)	USD	420
Franklin U.S. Focus Fund	USD	368	Franklin Global Real Estate Fund	I (Qdis)	USD	638
Franklin U.S. Total Return Fund	USD	52,512	Franklin Global Small-Mid Cap Growth Fund	I (Acc)	USD	632
Franklin U.S. Ultra Short Bond Fund	USD	97,935	Franklin Gold and Precious Metals Fund	I (Ydis)	USD	49
Franklin World Perspectives Fund	USD	1,035	Franklin High Yield Fund	I (Acc)	USD	43,013
Franklin Templeton Japan Fund	JPY	3,110	Franklin High Yield Fund	I (Mdis)	USD	27,418
Templeton Asian Bond Fund	USD	42,123	Franklin Income Fund	I (Acc)	USD	200
Templeton Asian Growth Fund	USD	214,031	Franklin U.S. Government Fund	I (Acc)	USD	10,542
Templeton Asian Smaller Companies Fund	USD	259	Franklin U.S. Government Fund	I (Mdis)	USD	187,506
Templeton BRIC Fund	USD	108,858	Franklin Mutual Euroland Fund	I (Acc)	EUR	409
Templeton Eastern Europe Fund	EUR	22,787	Franklin Mutual Euroland Fund	I (Acc) USD	EUR	398
Templeton Emerging Markets Bond Fund	USD	46,982	Franklin Templeton Global Growth and Value Fund	I (Acc) EUR	USD	41
Templeton Emerging Markets Smaller Companies Fund	USD	28,242	Templeton China Fund	I (Acc)	USD	275
Templeton Euro Money Market Fund	EUR	21,714	Templeton China Fund	I (Ydis) GBP	USD	255
Templeton European Corporate Bond Fund	EUR	4,580	Templeton Emerging Markets Fund	I (Acc)	USD	3,189
Templeton European Total Return Fund	EUR	109,902	Templeton Euro Government Bond Fund	I (Acc)	EUR	13
Templeton Frontier Markets Fund	USD	59,692	Templeton Global Balanced Fund	I (Acc)	USD	258
Templeton Global Aggregate Bond Fund	USD	5,443	Templeton Korea Fund	I (Acc)	USD	307
Templeton Global Bond Fund	USD	70,070	Templeton Latin America Fund	I (Acc)	USD	6,299
Templeton Global Bond (Euro) Fund	EUR	43,001	Templeton Thailand Fund	I (Acc)	USD	163
Templeton Global Equity Income Fund	USD	190,718				
Templeton Global Income Fund	USD	214,682				
Templeton Global Total Return Fund	USD	1,633,599				

\*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, 2010. 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.

### Note 18 — Annual and interim dividends distributed for the period ended December 31, 2010

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.

	Ex-dividend dates						
	01-Jul-10	08-Jul-10	09-Aug-10	08-Sep-10	08-Oct-10	08-Nov-10	08-Dec-10
<b>Franklin Asian Flex Cap Fund</b>							
A (Ydis)	–	–	–	–	–	–	–
A (Ydis) – GBP	0.003	–	–	–	–	–	–
I (Ydis)	0.115	–	–	–	–	–	–
<b>Franklin European Growth Fund</b>							
A (Ydis) – GBP	0.044	–	–	–	–	–	–
<b>Franklin European Small-Mid Cap Growth Fund</b>							
A (Ydis) – GBP	0.037	–	–	–	–	–	–
<b>Franklin Global Real Estate (Euro) Fund</b>							
A (Ydis)	0.138	–	–	–	–	–	–
I (Ydis)	0.150	–	–	–	–	–	–
<b>Franklin Global Real Estate (USD) Fund</b>							
A (Qdis)	–	0.024	–	–	0.012	–	–
A (Qdis) – SGD	–	0.020	–	–	0.009	–	–
B (Qdis)	–	0.003	–	–	–	–	–
C (Qdis)	–	0.015	–	–	0.001	–	–
I (Qdis)	–	0.039	–	–	0.028	–	–
N (Qdis)	–	0.012	–	–	–	–	–

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

### Note 18 — Annual and interim dividends distributed for the period ended December 31, 2010 (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.

	Ex-dividend dates						
	01-Jul-10	08-Jul-10	09-Aug-10	08-Sep-10	08-Oct-10	08-Nov-10	08-Dec-10
<b>Franklin Gold and Precious Metals Fund</b>							
A (Ydis) – EUR	–	–	–	–	–	–	–
A (Ydis) – EUR hedged (H1)	–	–	–	–	–	–	–
I (Ydis)	–	–	–	–	–	–	–
<b>Franklin High Yield (Euro) Fund</b>							
A (Mdis)	–	0.032	0.034	0.032	0.029	0.029	0.028
A (Mdis) – USD	–	0.049	0.058	0.053	0.053	0.051	0.047
A (Ydis)	0.392	–	–	–	–	–	–
B (Mdis)	–	0.049	0.054	0.045	0.043	0.039	0.041
B (Mdis) – USD	–	0.041	0.048	0.043	0.044	0.041	0.038
I (Mdis)	–	0.054	0.057	0.066	0.051	0.049	0.048
I (Ydis)	0.652	–	–	–	–	–	–
<b>Franklin High Yield Fund</b>							
A (Mdis)	–	0.038	0.038	0.038	0.035	0.037	0.040
A (Mdis) – SGD hedged (H1)	–	0.050	0.047	0.049	0.043	0.046	0.052
B (Mdis)	–	0.031	0.030	0.030	0.028	0.028	0.033
I (Mdis)	–	0.067	0.066	0.067	0.080	0.065	0.069
Z (Mdis) – USD	–	–	–	–	–	–	–
<b>Franklin Income Fund</b>							
A (Mdis)	–	0.040	0.040	0.040	0.040	0.050	0.050
A (Mdis) – SGD hedged (H1)	–	0.025	0.030	0.030	0.030	0.035	0.035
B (Mdis)	–	0.019	0.025	0.025	0.025	0.035	0.035
C (Mdis)	–	0.035	0.040	0.040	0.040	0.055	0.055
Z (Mdis) – USD	–	–	–	–	–	–	–
<b>Franklin India Fund</b>							
A (Ydis) – EUR	–	–	–	–	–	–	–
A (Ydis) – GBP	–	–	–	–	–	–	–
I (Ydis) – EUR	0.048	–	–	–	–	–	–
I (Ydis) – EUR hedged (H2)	0.019	–	–	–	–	–	–
<b>Franklin MENA Fund</b>							
A (Ydis)	0.002	–	–	–	–	–	–
A (Ydis) – EUR	0.034	–	–	–	–	–	–
A (Ydis) – GBP	0.065	–	–	–	–	–	–
I (Ydis)	0.072	–	–	–	–	–	–
<b>Franklin Mutual Beacon Fund</b>							
A (Ydis)	–	–	–	–	–	–	–
B (Ydis) – EUR	–	–	–	–	–	–	–
<b>Franklin Mutual European Fund</b>							
A (Ydis)	0.116	–	–	–	–	–	–
A (Ydis) – GBP	0.122	–	–	–	–	–	–
B (Ydis)	–	–	–	–	–	–	–
I (Ydis)	0.211	–	–	–	–	–	–
<b>Franklin Mutual Global Discovery Fund</b>							
A (Ydis) – EUR	0.039	–	–	–	–	–	–
A (Ydis) – GBP	–	–	–	–	–	–	–
I (Ydis) – EUR	0.246	–	–	–	–	–	–
<b>Franklin Natural Resources Fund</b>							
A (Ydis)	–	–	–	–	–	–	–
<b>Franklin Real Return Fund</b>							
A (Ydis) – EUR hedged (H1)	0.028	–	–	–	–	–	–
<b>Franklin Strategic Income Fund</b>							
A (Mdis)	–	0.038	0.041	0.040	0.036	0.037	0.038
A (Mdis) – EUR	–	0.045	0.020	0.032	0.024	0.026	0.030
B (Mdis)	–	0.027	0.030	0.029	0.025	0.026	0.027
C (Mdis)	–	0.033	0.035	0.035	0.031	0.031	0.033
<b>Franklin Templeton Global Equity Strategies Fund</b>							
A (Ydis)	–	–	–	–	–	–	–
A (Ydis) – EUR	–	–	–	–	–	–	–
<b>Franklin Templeton Global Fundamental Strategies Fund</b>							
A (Ydis)	0.141	–	–	–	–	–	–
A (Ydis) – EUR	0.115	–	–	–	–	–	–
<b>Franklin Templeton Japan Fund</b>							
A (Ydis) – EUR	–	–	–	–	–	–	–
A (Ydis) – GBP	–	–	–	–	–	–	–

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

### Note 18 — Annual and interim dividends distributed for the period ended December 31, 2010 (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.

	Ex-dividend dates						
	01-Jul-10	08-Jul-10	09-Aug-10	08-Sep-10	08-Oct-10	08-Nov-10	08-Dec-10
<b>Franklin U.S. Government Fund</b>							
A (Mdis)	–	0.027	0.027	0.027	0.087	0.028	0.028
A (Mdis) – HKD	–	0.025	0.025	0.025	0.047	0.030	0.030
A (Mdis) – SGD hedged (H1)	–	0.020	0.004	0.004	0.290	0.028	0.028
B (Mdis)	–	0.020	0.015	0.014	0.068	0.018	0.017
I (Mdis)	–	0.036	0.035	0.035	0.056	0.035	0.034
N (Mdis)	–	0.028	0.024	0.024	0.054	0.022	0.022
Z (Mdis) – USD	–	–	–	–	–	–	–
<b>Franklin U.S. Opportunities Fund</b>							
A (Ydis) – EUR	–	–	–	–	–	–	–
A (Ydis) – GBP	–	–	–	–	–	–	–
<b>Franklin U.S. Total Return Fund</b>							
A (Mdis)	–	0.025	0.025	0.026	0.024	0.025	0.026
B (Mdis)	–	0.013	0.012	0.013	0.012	0.013	0.012
C (Mdis)	–	0.017	0.016	0.017	0.016	0.016	0.016
I (Mdis)	–	0.031	0.030	0.030	0.028	0.031	0.029
N (Mdis)	–	0.020	0.019	0.019	0.020	0.019	0.019
<b>Franklin U.S. Ultra Short Bond Fund</b>							
A (Mdis)	–	0.013	0.013	0.013	0.015	0.013	0.013
B (Mdis)	–	0.003	0.003	0.003	0.006	0.004	0.003
C (Mdis)	–	0.006	0.005	0.006	0.007	0.006	0.007
N (Mdis)	–	0.007	0.007	0.007	0.009	0.008	0.008
<b>Franklin World Perspectives Fund</b>							
A (Ydis) – GBP	–	–	–	–	–	–	–
I (Ydis) – GBP	0.093	–	–	–	–	–	–
<b>Templeton Asian Bond Fund</b>							
A (Mdis)	–	0.028	0.025	0.028	0.025	0.022	0.024
A (Mdis) – EUR	–	0.023	0.020	0.021	0.017	0.016	0.018
A (Mdis) – SGD	–	0.022	0.020	0.021	0.017	0.016	0.018
A (Mdis) – SGD hedged (H1)	–	–	–	–	–	–	–
B (Mdis)	–	0.012	0.009	0.011	0.009	0.005	0.007
C (Mdis)	–	0.019	0.016	0.019	0.017	0.013	0.016
I (Mdis) – EUR	–	0.029	0.025	0.027	0.022	0.022	0.024
N (Mdis)	–	0.020	0.018	0.019	0.017	0.014	0.016
<b>Templeton Asian Growth Fund</b>							
A (Ydis)	0.038	–	–	–	–	–	–
A (Ydis) – EUR	0.032	–	–	–	–	–	–
A (Ydis) – GBP	0.030	–	–	–	–	–	–
I (Ydis) – EUR hedged (H2)	0.080	–	–	–	–	–	–
Z (Ydis) – EUR hedged (H1)	0.047	–	–	–	–	–	–
<b>Templeton Asian Smaller Companies Fund</b>							
A (Ydis)	0.034	–	–	–	–	–	–
A (Ydis) – GBP	0.040	–	–	–	–	–	–
I (Ydis) – GBP	0.286	–	–	–	–	–	–
<b>Templeton BRIC Fund</b>							
A (Ydis) – EUR	–	–	–	–	–	–	–
A (Ydis) – GBP	–	–	–	–	–	–	–
I (Ydis) – EUR	0.097	–	–	–	–	–	–
<b>Templeton China Fund</b>							
A (Ydis) – EUR	–	–	–	–	–	–	–
A (Ydis) – GBP	0.001	–	–	–	–	–	–
<b>Templeton Eastern Europe Fund</b>							
A (Ydis)	–	–	–	–	–	–	–
A (Ydis) – GBP	–	–	–	–	–	–	–
B (Ydis)	–	–	–	–	–	–	–
<b>Templeton Emerging Markets Bond Fund</b>							
A (Mdis)	–	0.048	0.050	0.051	0.056	0.054	0.048
A (Qdis)	–	0.250	–	–	0.268	–	–
A (Qdis) – EUR	–	0.207	–	–	0.194	–	–
A (Qdis) – GBP	–	0.145	–	–	0.147	–	–
A (Ydis) – EUR hedged (H1)	0.141	–	–	–	–	–	–
B (Mdis)	–	0.036	0.037	0.039	0.043	0.041	0.036
B (Qdis)	–	0.168	–	–	0.182	–	–
I (Qdis)	–	0.188	–	–	0.290	–	–
I (Qdis) – GBP hedged (H1)	–	0.014	–	–	0.161	–	–
Z (Mdis) – USD	–	–	–	–	–	–	–
<b>Templeton Emerging Markets Fund</b>							
A (Ydis)	–	–	–	–	–	–	–

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

### Note 18 — Annual and interim dividends distributed for the period ended December 31, 2010 (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.

	Ex-dividend dates						
	01-Jul-10	08-Jul-10	09-Aug-10	08-Sep-10	08-Oct-10	08-Nov-10	08-Dec-10
<b>Templeton Emerging Markets Smaller Companies Fund</b>							
A (Ydis)	0.025	–	–	–	–	–	–
A (Ydis) – GBP	0.032	–	–	–	–	–	–
<b>Templeton Euro Government Bond Fund</b>							
A (Ydis)	0.248	–	–	–	–	–	–
<b>Templeton Euro Liquid Reserve Fund</b>							
A (Ydis)	0.017	–	–	–	–	–	–
<b>Templeton Euroland Fund</b>							
A (Ydis)	0.122	–	–	–	–	–	–
B (Ydis)	0.001	–	–	–	–	–	–
I (Ydis)	0.162	–	–	–	–	–	–
<b>Templeton European Corporate Bond Fund</b>							
A (Ydis)	0.041	–	–	–	–	–	–
I (Ydis)	0.049	–	–	–	–	–	–
N (Ydis)	0.027	–	–	–	–	–	–
<b>Templeton European Fund</b>							
A (Ydis)	0.095	–	–	–	–	–	–
A (Ydis) – USD	0.170	–	–	–	–	–	–
<b>Templeton European Total Return Fund</b>							
A (Mdis)	–	0.025	0.024	0.025	0.023	0.022	0.022
A (Mdis) – USD	–	0.031	0.016	0.034	0.043	0.032	0.029
A (Ydis)	0.303	–	–	–	–	–	–
C (Mdis) – USD	–	0.019	0.019	0.019	0.019	0.017	0.017
I (Mdis)	–	0.029	0.028	0.028	0.024	0.025	0.025
I (Ydis)	0.343	–	–	–	–	–	–
N (Mdis)	–	0.023	0.022	0.022	0.019	0.018	0.020
<b>Templeton Frontier Markets Fund</b>							
A (Ydis)	0.075	–	–	–	–	–	–
A (Ydis) – GBP	0.080	–	–	–	–	–	–
I (Ydis) – GBP	0.176	–	–	–	–	–	–
Z (Ydis) – EUR hedged (H1)	0.071	–	–	–	–	–	–
<b>Templeton Global (Euro) Fund</b>							
A (Ydis)	0.043	–	–	–	–	–	–
<b>Templeton Global Aggregate Bond Fund</b>							
A (Mdis)	–	–	–	–	–	–	0.006
A (Mdis) – EUR	–	–	–	–	–	–	0.006
<b>Templeton Global Balanced Fund</b>							
A (Qdis)	–	0.124	–	–	0.037	–	–
C (Qdis)	–	0.058	–	–	0.015	–	–
<b>Templeton Global Bond (Euro) Fund</b>							
A (Ydis)	0.436	–	–	–	–	–	–
<b>Templeton Global Bond Fund</b>							
A (Mdis)	–	0.052	0.058	0.052	0.054	0.054	0.051
A (Mdis) AUD hedged (H1)	–	–	–	–	–	0.027	0.026
A (Mdis) – EUR	–	0.044	0.045	0.040	0.039	0.038	0.040
A (Mdis) – EUR hedged (H1)	–	0.036	0.037	0.034	0.032	0.033	0.036
A (Mdis) – GBP	–	0.035	0.037	0.033	0.034	0.033	0.033
A (Mdis) – GBP hedged (H1)	–	0.026	0.028	0.027	0.027	0.027	0.027
A (Mdis) – HKD	–	0.028	0.032	0.029	0.028	0.029	0.028
A (Mdis) – SGD	–	0.032	0.035	0.031	0.031	0.030	0.030
A (Mdis) – SGD hedged (H1)	–	0.033	0.036	0.032	0.032	0.033	0.033
A (Ydis) – EUR	0.668	–	–	–	–	–	–
A (Ydis) – EUR hedged (H1)	0.089	–	–	–	–	–	–
B (Mdis)	–	0.030	0.035	0.028	0.031	0.030	0.028
C (Mdis)	–	0.030	0.035	0.030	0.032	0.031	0.030
I (Mdis) – EUR	–	0.042	0.045	0.039	0.041	0.037	0.039
I (Mdis) – GBP	–	0.038	0.040	0.037	0.036	0.037	0.036
I (Mdis) – GBP hedged (H1)	–	0.034	0.036	0.034	0.034	0.035	0.035
I (Mdis) – JPY	–	–	–	–	–	–	–
I (Mdis) – JPY hedged (H1)	–	–	–	–	–	–	–
I (Ydis) – EUR	0.090	–	–	–	–	–	–
I (Ydis) – EUR hedged (H1)	0.009	–	–	–	–	–	–
N (Mdis) – EUR hedged (H1)	–	0.034	0.034	0.032	0.029	0.030	0.033
N (Ydis) – EUR hedged (H1)	0.006	–	–	–	–	–	–
Z (Mdis) – USD	–	–	–	–	–	–	–
Z (Ydis) – EUR hedged (H1)	0.097	–	–	–	–	–	–

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

### Note 18 — Annual and interim dividends distributed for the period ended December 31, 2010 (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.

	Ex-dividend dates						
	01-Jul-10	08-Jul-10	09-Aug-10	08-Sep-10	08-Oct-10	08-Nov-10	08-Dec-10
<b>Templeton Global Equity Income Fund</b>							
A (Qdis)	-	0.088	-	-	0.043	-	-
A (Qdis) – SGD	-	0.061	-	-	0.028	-	-
B (Qdis)	-	0.039	-	-	0.010	-	-
C (Qdis)	-	0.079	-	-	0.034	-	-
I (Qdis) – JPY	-	9.675	-	-	4.928	-	-
<b>Templeton Global Fund</b>							
A (Ydis)	0.099	-	-	-	-	-	-
<b>Templeton Global High Yield Fund</b>							
A (Mdis)	-	0.040	0.047	0.046	0.041	0.048	0.050
A (Mdis) – EUR	-	0.033	0.037	0.036	0.031	0.034	0.038
A (Mdis) – GBP	-	0.027	0.031	0.029	0.028	0.030	0.032
<b>Templeton Global Income Fund</b>							
A (Qdis)	-	0.099	-	-	0.071	-	-
A (Qdis) – HKD	-	0.064	-	-	0.058	-	-
A (Qdis) – SGD	-	0.065	-	-	0.054	-	-
B (Qdis)	-	0.064	-	-	0.036	-	-
C (Qdis)	-	0.085	-	-	0.055	-	-
<b>Templeton Global Smaller Companies Fund</b>							
A (Ydis)	0.028	-	-	-	-	-	-
C (Ydis)	-	-	-	-	-	-	-
<b>Templeton Global Total Return Fund</b>							
A (Mdis)	-	0.070	0.057	0.056	0.054	0.060	0.063
A (Mdis) AUD hedged (H1)	-	-	-	-	-	0.038	0.037
A (Mdis) – EUR	-	0.046	0.044	0.043	0.042	0.046	0.048
A (Mdis) – EUR hedged (H1)	-	0.038	0.036	0.036	0.034	0.039	0.043
A (Mdis) – GBP	-	0.037	0.037	0.036	0.037	0.040	0.040
A (Mdis) – GBP hedged (H1)	-	0.026	0.027	0.027	0.029	0.030	0.032
A (Mdis) – HKD	-	0.036	0.039	0.037	0.037	0.042	0.041
A (Mdis) – SGD	-	0.039	0.040	0.039	0.038	0.042	0.042
A (Mdis) – SGD hedged (H1)	-	0.037	0.037	0.036	0.037	0.041	0.042
A (Ydis) – EUR	0.690	-	-	-	-	-	-
A (Ydis) – EUR hedged (H1)	0.010	-	-	-	-	-	-
B (Mdis)	-	0.078	0.039	0.035	0.031	0.034	0.041
C (Mdis)	-	0.042	0.044	0.044	0.045	0.050	0.046
I (Mdis) – CHF	-	0.070	0.065	0.063	0.056	0.069	0.067
I (Mdis) – EUR	-	0.099	0.049	0.047	0.043	0.047	0.051
I (Mdis) – GBP	-	0.048	0.047	0.048	0.047	0.052	0.053
I (Mdis) – GBP hedged (H1)	-	0.043	0.043	0.044	0.045	0.049	0.050
I (Ydis) – EUR	0.684	-	-	-	-	-	-
I (Ydis) – EUR hedged (H1)	0.012	-	-	-	-	-	-
N (Mdis) – EUR hedged (H1)	-	0.037	0.035	0.035	0.035	0.039	0.043
N (Ydis) – EUR hedged (H1)	0.009	-	-	-	-	-	-
Z (Mdis) – USD	-	-	-	-	-	-	-
Z (Ydis) – EUR hedged (H1)	0.115	-	-	-	-	-	-
<b>Templeton Growth (Euro) Fund</b>							
A (Ydis)	0.040	-	-	-	-	-	-
A (Ydis) – USD	0.048	-	-	-	-	-	-
B (Ydis)	-	-	-	-	-	-	-
I (Ydis)	0.113	-	-	-	-	-	-
I (Ydis) – USD	0.141	-	-	-	-	-	-
<b>Templeton Latin America Fund</b>							
A (Ydis)	0.297	-	-	-	-	-	-
A (Ydis) – EUR	0.243	-	-	-	-	-	-
A (Ydis) – GBP	0.204	-	-	-	-	-	-
I (Ydis) – EUR hedged (H2)	0.141	-	-	-	-	-	-
<b>Templeton U.S. Dollar Liquid Reserve Fund</b>							
A (Mdis)	-	-	-	-	-	-	-
B (Mdis)	-	-	-	-	-	-	-
<b>Templeton U.S. Value Fund</b>							
A (Ydis) – EUR	-	-	-	-	-	-	-
A (Ydis) – GBP	-	-	-	-	-	-	-
I (Ydis) – GBP	0.017	-	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2010 (CONTINUED)

### Note 19 — Time deposits and cash repurchase agreements

As at December 31, 2010, the Company had the following cash on time deposit and repos held with highly rated financial institutions:

#### TIME DEPOSITS

SubFund	Currency	Amount	SubFund	Currency	Amount
Franklin Asian Flex Cap Fund	USD	400,000	Templeton Euro Government Bond Fund	EUR	875,000
Franklin Euroland Core Fund	EUR	660,000	Templeton Euro High Yield Fund	EUR	55,900,000
Franklin European Growth Fund	EUR	30,200,000	Templeton Euro Liquid Reserve Fund	EUR	2,000,000
Franklin European Small-Mid Cap Growth Fund	EUR	45,000,000	Templeton Euro Money Market Fund	EUR	2,800,000
Franklin Global Growth Fund	USD	3,000,000	Templeton Euroland Fund	EUR	3,500,000
Franklin Global Real Estate Fund	USD	4,900,000	Templeton European Fund	EUR	400,000
Franklin Global Small-Mid Cap Growth Fund	USD	5,300,000	Templeton European Corporate Bond Fund	EUR	400,000
Franklin India Fund	USD	91,600,000	Templeton European Total Return Fund	EUR	2,300,000
Franklin MENA Fund	USD	2,000,000	Templeton Global Fund	USD	12,700,000
Franklin World Perspectives Fund	USD	1,600,000	Templeton Global (Euro) Fund	EUR	5,400,000
Franklin Mutual European Fund	EUR	106,060,935	Templeton Global Balanced Fund	USD	18,100,000
Franklin Mutual Global Discovery Fund	USD	25,380,080	Templeton Global Bond Fund	USD	3,489,300,000
Franklin Templeton Global Equity Strategies Fund	USD	2,000,000	Templeton Global Bond (Euro) Fund	EUR	19,700,000
Franklin Templeton Global Growth And Value Fund	USD	3,900,000	Templeton Global Equity Income Fund	USD	2,600,000
Templeton Asian Bond Fund	USD	489,300,000	Templeton Global Income Fund	USD	39,100,000
Templeton Asian Growth Fund	USD	2,241,600,000	Templeton Global Smaller Companies Fund	USD	43,100,000
Templeton BRIC Fund	USD	55,200,000	Templeton Growth (Euro) Fund	EUR	74,375,377
Templeton China Fund	USD	67,400,000	Templeton Korea Fund	USD	3,200,000
Templeton Eastern Europe Fund	EUR	63,400,000	Templeton Latin America Fund	USD	134,500,000
Templeton Emerging Markets Fund	USD	48,100,000	Templeton Thailand Fund	USD	6,400,000
Templeton Emerging Markets Bond Fund	USD	234,600,000			

As at December 31, 2010, the Company had no outstanding cash repos.

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

The audited annual reports and unaudited semi-annual reports will be available on the following Franklin Templeton website, [www.franklintempleton.lu](http://www.franklintempleton.lu), or may be obtained on request at the registered office of the Company; they are only distributed to registered Shareholders in those countries where local regulation so requires. The complete audited annual reports and unaudited semi-annual reports are available at the registered office of the Company.

### Note 21 — Portfolio Turnover Ratio

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

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

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

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

The Management fees below are for the funds held by FTIF on December 31, 2010.

Franklin Strategic Income Fund	
Franklin Templeton Series II Funds – Franklin Floating Rate II Fund – Class I (Mdis)	0.40%
Templeton Emerging Markets Fund	
Franklin India Blue Chip Offshore Fund – Class A (Acc)	0.00%
Templeton Global High Yield Fund	
Franklin Templeton Series II Funds – Franklin Floating Rate II Fund – Class I (Mdis)	0.40%
Templeton Growth (Euro) Fund	
Franklin Templeton Selected Markets Fund – Templeton China Opportunities Fund – Class F2 (Acc) USD	0.00%
Templeton Global Aggregate Bond Fund	
Franklin Templeton Emerging Markets Debt Opportunities Fund	0.70%

### 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, 2010, the Company did not utilize the Global Credit Facility.

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

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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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