



FRANKLIN TEMPLETON  
INVESTMENTS

# FRANKLIN STRATEGIC INCOME FUND

Franklin Templeton Investment Funds (Luxembourg registered SICAV)

31 December 2010

## RISK WARNING

Each investor's goals are unique: we suggest you seek guidance from a Financial Adviser. For more details on the fund's potential risks, please read the simplified prospectus

## INVESTMENT OBJECTIVE

The Fund aims to earn a high level of current income and seeks capital appreciation over the long term by investing principally in fixed and floating rate debt securities globally, including those in emerging markets.

## MANAGEMENT TEAM

**Eric Takaha**, California, United States

**Christopher Molumphy**, California, United States

**Kent Burns**, California, United States

## FUND DATA

**Management Type:** Fixed Income - Total Return

**Benchmark:**

Barclays Capital US Aggregate Index

**Base Currency:** US Dollar

**Fund Launch Date:** 12/07/2007

**A(acc)USD** 12/07/2007

**A(acc)EUR** 12/07/2007

**A(Mdis)EUR** 12/07/2007

## NAV AS OF 31/12/10

**A(acc)USD** USD 12.48

**A(acc)EUR** EUR 9.35

**A(Mdis)EUR** EUR 8.02

## FEES

	Entry Fees (max)	Management Fees (annual)
<b>A(acc)USD</b>	3.00%	1.25%
<b>A(acc)EUR</b>	3.00%	1.25%
<b>A(Mdis)EUR</b>	3.00%	1.25%

## CODES

	Bloomberg	ISIN
<b>A(acc)USD</b>	FTSIACULX	LU0300737037
<b>A(acc)EUR</b>	FTSIACELX	LU0300742896
<b>A(Mdis)EUR</b>	FTSIADLX	LU0300743191

## PORTFOLIO SIZE AND ASSET ALLOCATION

LONG TERM POSITIONS	PORTFOLIO SIZE	EQUITY	FIXED INCOME	CASH & CASH EQUIVALENTS
513	EUR 206.2 million	0.02%	87.95%	12.03%

## FUND FACTS

- Flexibility to invest across a wide variety of income-generating instruments expands the opportunity set contributes to this Fund's potential for long-term performance and enhances its ability to deliver high dividend yields.
- The Fund may avail of the flexibility allowed under UCITS III legislation to invest in financial derivative instruments for hedging and efficient portfolio management as well as to enhance its investment returns.
- The Fund may invest up to 10% of assets in other investment Funds, up to 100% in low-rated and non-investment grade debt securities issued by US and non-US issuers, and up to 10% in securities in default.
- Franklin Templeton Investments has a long history of investing in this area, having launched the US-registered Franklin Strategic Income Fund in 1994.
- The breadth and depth of coverage assured by the Franklin Templeton Fixed-Income Group helps the Fund benefit from investment opportunities across virtually all segments of the market (i.e. global bonds, fixed and floating-rate instruments).
- The Fund may invest in low-correlated asset classes not widely followed by traditional fixed-income participants, such as corporate bank loans, non-dollar government bonds, and convertible securities.

## PORTFOLIO COMPOSITION AS OF 31 DECEMBER 2010

### GEOGRAPHIC BREAKDOWN

COUNTRY % FIXED INCOME	%
United States	66.10
Cash & Cash Equivalents	12.03
South Korea	3.56
Australia	2.87
Malaysia	2.36
Poland	2.22
Sweden	1.84
United Kingdom	1.80
Offset Derivatives	-9.99
Other	17.21

### CURRENCY BREAKDOWN

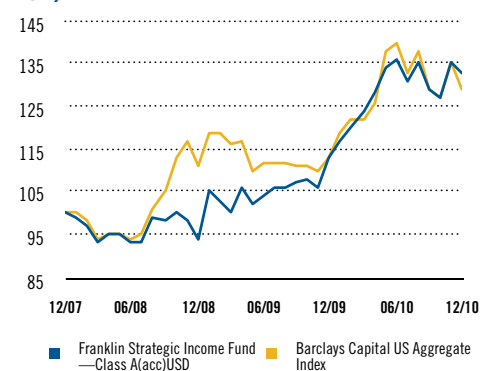
CURRENCY % TOTAL	%
US Dollar	83.96
S Korean Won	3.52
Australian Dollar	2.68
Malaysian Ringgit	2.36
Swedish Krona	1.84
Poland Zloty	1.77
Norwegian Krone	1.76
Japanese Yen	-3.59
Euro	-5.93
Other	11.63

## MAIN HOLDINGS

HOLDING	%
Franklin Floating Rate II Fund, Class I	6.32
Government of Norway, 6.00%, 5/16/11	1.76
Government of Poland, 4.75%, 4/25/12	1.39
Government of Sweden, 5.25%, 3/15/11	1.37
Government of Malaysia, senior bond, 3.833%, 9/28/11	1.29
Western Australia Treasury Corp., 5.50%, 7/17/12	1.27
Korea Treasury Bond, senior bond, 4.00%, 6/10/12	1.15
Korea Treasury Bond, 4.25%, 12/10/12	1.13
FNMA, 5.50%, 1/01/25	1.11
California State GO, Build America Bonds, Various Purpose, 7.55%, 4/01/39	0.77

The portfolio manager for the Fund reserves the right to withhold release of information with respect to holdings that would otherwise be included in the top 10 holdings list.

## CUMULATIVE PERFORMANCE OVER 3 YEARS (IN EUR)\*\*



## PERFORMANCE (% IN EUR)\*\*

	1-YR	3-YRS	3-YRS*	5-YRS	5-YRS*	10-YRS	10-YRS*	3-YRS ANN.VOL.
A(acc)USD	17.87	32.96	9.96	-	-	-	-	12.52
Index	13.94	29.44	8.98	16.55	3.11	23.42	2.13	13.51

## DISCLAIMER

Source for all information in this document: Franklin Templeton Investments (2010).

References to the Fund(s) of Franklin Templeton Investment Funds ("FTIF") refer to the corresponding sub-fund of FTIF.

\*Annualised performance \*\*Performance details provided are in Euro, include reinvested dividends and are net of management fees. Sales charges and other commissions, taxes and other relevant costs to be paid by an investor are not included in the calculations. The management fees represent the aggregate of the Maintenance charge and the Management and Company charges relating to the Fund as more fully described in the current prospectus of FTIF.

Past performance is no guarantee of future performance. The prices of shares and income therefrom can go down as well as up, and investors may not get back the full amount invested. When investing in a fund denominated in a foreign currency, your performance may be affected by currency fluctuations.

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