

Franklin Templeton Investment Funds

Templeton European Total Return Fund



FRANKLIN TEMPLETON
INVESTMENTS

Fund Overview

Base Currency for Fund	EUR
Total Net Assets (EUR)	52 million
Launch Date	29.08.2003
Number of Holdings	72
Benchmark	Barclays Capital Euro Aggregate Index
Investment Style	Fixed Income - Total Return

Summary of Investment Objectives

The Fund aims to maximise total investment return consisting of a combination of interest income, capital appreciation and currency gains by investing in a portfolio of fixed and floating rate debt securities and debt obligations of governments, government-related or corporate issuers in Europe.

Fund Management

John W. Beck	United Kingdom
Michael Hasenstab, PhD	United States

EUSD Status - A(Mdis) EUR

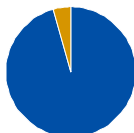
Redemption	In Scope
Distribution	In Scope

Ratings - A(Mdis) EUR

Overall Morningstar Rating™	—
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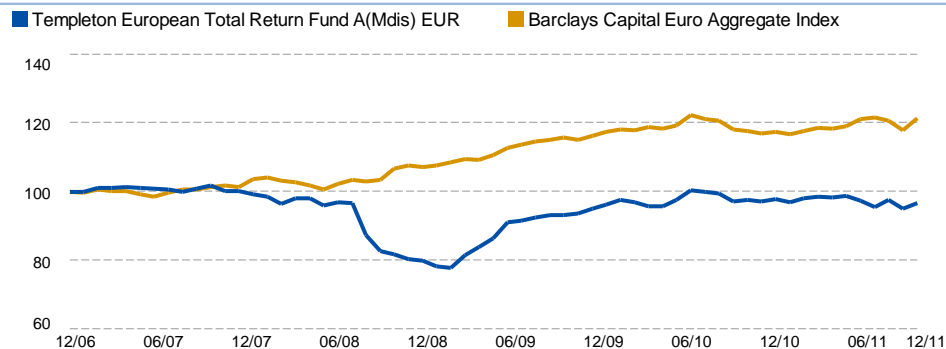
Asset Allocation

	%
Fixed Income	95.66
Cash & Cash Equivalents	4.34



Performance

Performance over 5 Years in EUR



Performance in EUR (%)

	Cumulative			Annualised	
	1 Yr	3 Yrs	5 Yrs	3 Yrs	5 Yrs
A(Mdis) EUR	-0.91	20.21	-3.32	6.33	-0.67
A(acc) EUR	-0.90	20.24	-3.34	6.34	-0.68
A(Ydis) EUR	-1.00	19.99	N/A	6.27	N/A
Benchmark	3.24	12.82	21.57	4.11	3.98

Past performance is no guarantee of future performance. The value of shares in the fund and income received from it can go down as well as up, and investors may not get back the full amount invested. All performance data shown is in the currency stated, include reinvested dividends and are net of management fees. Sales charges and other commissions, taxes and other relevant costs paid by the investor are not included in the calculations. Performance may also be affected by currency fluctuations. Up to date performance figures can be found on our local website. References to indices are made for comparative purposes only and are provided to represent the investment environment existing during the time periods shown.

Calendar Year Performance in EUR (%)

	2011	2010	2009	2008	2007	2006	2005	2004
A(Mdis) EUR	-0.91	4.25	16.38	-19.75	0.22	0.39	3.93	6.58
Benchmark	3.24	2.18	6.95	6.22	1.45	-0.03	4.80	7.42

Top Holdings

Security Name	%
Government of the Netherlands, 5.00%, 7/15/12	10.02
Government of the Netherlands, 1.75%, 1/15/13	9.87
Government of Germany, .50%, 6/15/12	5.76
Government of Germany, 3.50%, 1/04/16	4.40
Government of Poland, 5.75%, 9/23/22	4.30
Government of Poland, 5.25%, 10/25/17	4.27
Government of Germany, 2.25%, 4/11/14	3.66
Government of Mexico, senior note, 4.25%, 7/14/17	2.57
Government of Slovenia, 5.125%, 3/30/26	2.01
US Bank NA, sub. note, FRN, 4.375%, 2/28/17	1.84

Fund Measures

Average Credit Quality	A+
Average Duration	3.26 Years
Average Weighted Maturity	4.59 Years
Yield to Maturity	3.93%
Standard Deviation (5 Yrs)	7.42

Share Class Information

Share Class	Incept Date	NAV	TER (%)	Fees		Dividends			Fund Identifiers	
				Max. Sales Charge (%)	Max. Annual Charge (%)	Frequency	Last Paid Date	Last Paid Amount	Bloomberg ID	ISIN
A(Mdis) EUR	29.08.2003	EUR 8.27	1.10	3.00	1.05	M	15.12.2011	0.0200	TEMTRAD LX	LU0170473531
A(acc) EUR	29.08.2003	EUR 10.99	1.10	3.00	1.05	N/A	N/A	N/A	TEMTRAA LX	LU0170473374
A(Ydis) EUR	12.07.2007	EUR 8.35	1.10	3.00	1.05	Y	15.12.2011	0.2680	TETAYDE LX	LU0300745139

Contact Information

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Composition of Fund

■ Templeton European Total Return Fund

■ Barclays Capital Euro Aggregate Index

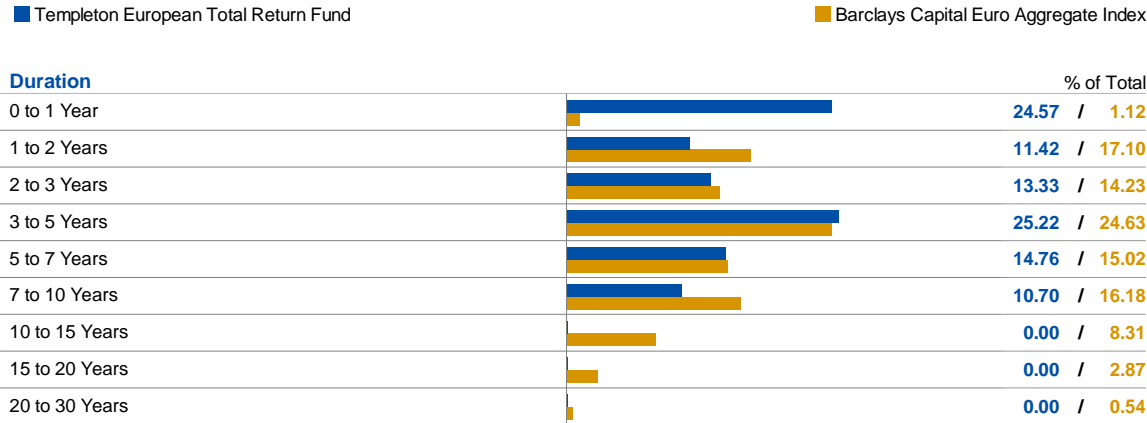
Geographic		% of Total
Netherlands		22.82 / 6.67
Germany		19.16 / 22.19
United States		12.34 / 2.31
United Kingdom		9.28 / 3.08
Poland		8.57 / 0.33
ST Cash and Cash Equivalents		4.34 / 0.00
France		4.28 / 21.71
Australia		3.08 / 0.43
Mexico		2.57 / 0.13
Other		13.56 / 43.14

Currency		% of Total
EURO		85.23 / 100.00
Polish Zloty		9.85 / 0.00
Norwegian Krone		4.92 / 0.00

Sector		% of Total
Intl Govt/Agency Bonds: Investment Grade		45.43 / 66.46
Corporate Bonds: Investment Grade		37.19 / 16.43
Corporate Bonds: Non-Investment Grade		9.15 / 0.00
Cash & Cash Equivalents		4.34 / 0.00
Sovereign Bonds: Investment Grade		3.90 / 1.62
Supranational		0.00 / 2.79
Securitised: N/A		0.00 / 12.68
Intl Govt/Agency Bonds: Non-Investment Grade		0.00 / 0.01

Ratings		% of Total
AAA		35.23 / 51.14
AA+		0.00 / 2.78
AA		4.14 / 2.79
AA-		5.40 / 13.13
A+		7.04 / 3.39
A		15.71 / 15.85
A-		3.58 / 3.96
BBB+		6.41 / 3.38
BBB		9.47 / 2.13
BBB-		3.45 / 1.46
BB+		1.16 / 0.00
BB		0.63 / 0.00
BB-		2.76 / 0.00
B+		2.20 / 0.00
B		1.23 / 0.00
B-		0.53 / 0.00
CCC+		0.68 / 0.00
CCC		0.38 / 0.00

Composition of Fund (continued)



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Top Holdings: Top Holdings represent the largest holdings of the fund as of the date indicated. These securities do not represent all of the securities purchased, sold or recommended for advisory clients, and the reader should not assume that investment in the securities listed was or will be profitable.

Fund Measures: The average credit quality (ACQ) rating may change over time. The portfolio itself has not been rated by an independent rating agency. The letter rating, which may be based on bond ratings from different agencies, is provided to indicate the average credit rating of the portfolio's underlying bonds and generally ranges from AAA (highest) to D (lowest). The ACQ is determined by assigning a sequential integer to all credit ratings AAA to D, taking a simple, asset-weighted average of debt holdings by market value and rounding to the nearest rating. The risk of default increases as a bond's rating decreases, so the ACQ provided is not a statistical measurement of the portfolio's default risk because a simple, weighted average does not measure the increasing level of risk from lower rated bonds. The ACQ is provided for informational purposes only. Derivative positions and unrated securities are not reflected in the ACQ.

Composition of Fund: Quality ratings shown are assigned by one or more Nationally Recognized Statistical Credit Rating Organizations (NRSRO), such as Standard & Poor's, Moody's and Fitch. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all three agencies are available, the middle rating is used; when two are available, the lowest rating is used; and when only one is available, that rating is used. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. Cash and equivalents (defined as bonds with stated maturities, or that can be redeemed at intervals, of seven days or less) as well as derivatives are excluded from this breakdown. As a result, the chart does not reflect the fund's total net assets.