



**FRANKLIN TEMPLETON
INVESTMENTS**

Portfolio Holdings for Franklin Real Return Fund as of December 31, 2011

The following portfolio data for the Franklin Templeton funds is made available to the public under our Portfolio Holdings Release Policy and is "as of" the date indicated. *This portfolio data should not be relied upon as a complete listing of a fund's holdings (or of a fund's top holdings) as information on particular holdings may be withheld if it is in the fund's interest to do so. Additionally, foreign currency forwards are not included in the portfolio data. Instead, the net market value of all currency forward contracts is included in cash and other net assets of the fund. Further, portfolio holdings data of over-the-counter derivative investments such as Credit Default Swaps, Interest Rate Swaps or other Swap contracts list only the name of counterparty to the derivative contract, not the details of the derivative. Complete portfolio data can be found in the semi- and annual financial statements of the fund.*

Security Identifier	Security Name	Shares/ Positions Held	Market Value	% of TNA	Coupon Rate	Maturity Date
013817101	ALCOA INC	150,600	\$1,302,690	0.22%	N/A	N/A
02005NAJ9	ALLY FINANCIAL INC	1,200,000	\$1,216,500	0.21%	7.5%	09/15/20
02076XAC6	ALPHA NATURAL RESOURCES INC	300,000	\$292,500	0.05%	6.25%	06/01/21
02076XAB8	ALPHA NATURAL RESOURCES INC	300,000	\$292,500	0.05%	6%	06/01/19
02076X102	ALPHA NATURAL RESOURCES INC	44,200	\$903,006	0.15%	N/A	N/A
DDD492453	AMERICAN ROCK SALT CO LLC	546,575	\$541,109	0.09%	FLOATER	04/25/17
DDD491850	AMERISTAR CASINOS INC	401,687	\$402,022	0.07%	FLOATER	04/14/18
032511107	ANADARKO PETROLEUM CORP	76,100	\$5,808,713	0.98%	N/A	N/A
DDD466504	ARAMARK CORP	41,038	\$40,098	0.01%	FLOATER	07/26/16
DDD466505	ARAMARK CORP	623,295	\$609,011	0.10%	FLOATER	07/26/16
039380AD2	ARCH COAL INC	200,000	\$205,000	0.03%	7%	06/15/19
039380AF7	ARCH COAL INC	500,000	\$516,250	0.09%	7.25%	06/15/21
DDD498591	ASHLAND INC	357,411	\$359,282	0.06%	FLOATER	08/23/18
B5TVH18	BANK NEGARA MONETARY NOTE	110,000	\$34,640	0.01%	N/A	01/26/12
B77D118	BANK NEGARA MONETARY NOTE	180,000	\$56,166	0.01%	N/A	05/17/12
Y06366BJ9	BANK NEGARA MONETARY NOTE	200,000	\$62,822	0.01%	N/A	03/01/12
B3RTRQ5	BANK NEGARA MONETARY NOTE	385,000	\$121,194	0.02%	N/A	01/31/12
Y063658K2	BANK NEGARA MONETARY NOTE	395,000	\$123,793	0.02%	N/A	03/29/12
Y06366BN0	BANK NEGARA MONETARY NOTE	460,000	\$143,954	0.02%	N/A	04/19/12
Y06366AZ4	BANK NEGARA MONETARY NOTE	550,000	\$172,955	0.03%	N/A	02/16/12
Y06366AY7	BANK NEGARA MONETARY NOTE	685,000	\$214,604	0.04%	N/A	04/05/12
Y06366BK6	BANK NEGARA MONETARY NOTE	750,000	\$234,838	0.04%	N/A	04/12/12
Y063658C0	BANK NEGARA MONETARY NOTE	1,160,000	\$364,631	0.06%	N/A	02/21/12
Y063658B2	BANK NEGARA MONETARY NOTE	2,000,000	\$629,280	0.11%	N/A	02/09/12
067901108	BARRICK GOLD CORP	119,800	\$5,420,950	0.92%	N/A	N/A
05530QAC4	BAT INTERNATIONAL FINANCE PLC	400,000	\$448,059	0.08%	8.125%	11/15/13



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DDD403027	BAUSCH & LOMB INC	167,690	\$164,231	0.03%	FLOATER	04/28/15
DDD403024	BAUSCH & LOMB INC	687,163	\$672,991	0.11%	FLOATER	04/28/15
DDD503517	BJ'S WHOLESALE CLUB INC	506,921	\$509,387	0.09%	FLOATER	09/30/18
DDD488077	BURGER KING HOLDINGS INC	1,289,087	\$1,269,482	0.21%	FLOATER	10/19/16
B43GVW1	CASE NEW HOLLAND INC	1,000,000	\$1,135,000	0.19%	7.875%	12/01/17
1248EPAU7	CCO HOLDINGS LLC/CAPITAL CORP	200,000	\$203,500	0.03%	6.5%	04/30/21
1248EPAP8	CCO HOLDINGS LLC/CAPITAL CORP	1,000,000	\$1,100,000	0.19%	8.125%	04/30/20
165167CG0	CHESAPEAKE ENERGY CORP	200,000	\$206,500	0.03%	6.125%	02/15/21
165167CF2	CHESAPEAKE ENERGY CORP	800,000	\$862,000	0.15%	6.625%	08/15/20
166764100	CHEVRON CORPORATION	48,700	\$5,181,680	0.88%	N/A	N/A
DDD464453	CINEMARK USA INC	296,969	\$295,824	0.05%	FLOATER	04/30/16
178760AA2	CITYCENTER HLDGS/FINANCE	100,000	\$103,000	0.02%	7.625%	01/15/16
125896BC3	CMS ENERGY CORP	500,000	\$594,705	0.10%	8.75%	06/15/19
DDD507964	COLFAX CORP	171,890	\$172,185	0.03%	FLOATER	01/01/19
203372AH0	COMMSCOPE INC	400,000	\$402,000	0.07%	8.25%	01/15/19
DDD481457	COMMUNITY HEALTH SYSTEMS INC	1,265,264	\$1,226,778	0.21%	FLOATER	01/25/17
20854PAF6	CONSOL ENERGY INC	100,000	\$111,000	0.02%	8.25%	04/01/20
20854PAG4	CONSOL ENERGY INC	400,000	\$406,000	0.07%	6.375%	03/01/21
20854PAD1	CONSOL ENERGY INC	400,000	\$440,000	0.07%	8%	04/01/17
DDD467640	CSC HOLDINGS LLC	297,733	\$291,257	0.05%	FLOATER	03/29/16
23918KAL2	DAVITA INC	200,000	\$205,250	0.03%	6.375%	11/01/18
DDD480163	DAVITA INC	436,086	\$436,304	0.07%	FLOATER	10/20/16
242370AC8	DEAN FOODS CO	1,000,000	\$1,070,000	0.18%	9.75%	12/15/18
245217AS3	DEL MONTE CORPORATION	1,000,000	\$965,000	0.16%	7.625%	02/15/19
DDD487526	DEL MONTE FOODS CO	1,212,169	\$1,154,591	0.20%	FLOATER	03/08/18
25179M103	DEVON ENERGY CORP	55,500	\$3,441,000	0.58%	N/A	N/A
25212W100	DEX ONE CORP	4,347	\$7,216	0.00%	N/A	N/A
DDD488972	DINEEQUITY INC	287,206	\$283,688	0.05%	FLOATER	10/19/17
27876GBE7	DISH DBS CORP	1,200,000	\$1,299,000	0.22%	7.125%	02/01/16
28336LBV0	EL PASO CORP	600,000	\$651,379	0.11%	6.5%	09/15/20
29273VAC4	ENERGY TRANSFER EQUITY LP	1,000,000	\$1,097,500	0.19%	7.5%	10/15/20
30231G102	EXXON MOBIL CORP	54,877	\$4,651,374	0.79%	N/A	N/A
DDD509146	FIDELITY NATIONAL INFORMATION	118,900	\$118,206	0.02%	FLOATER	07/18/14



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DDD508702	FIDELITY NATIONAL INFORMATION	276,153	\$275,810	0.05%	FLOATER	07/18/16
DDD466592	FLEXTRONICS INTERNATIONAL USA	18,881	\$18,656	0.00%	FLOATER	10/01/14
DDD504823	FLEXTRONICS INTERNATIONAL USA	66,321	\$65,534	0.01%	FLOATER	10/01/14
DDD504825	FLEXTRONICS INTERNATIONAL USA	77,416	\$76,496	0.01%	FLOATER	10/01/14
30251GAA5	FMG RESOURCES AUGUST 2006 PTY	200,000	\$198,875	0.03%	7%	11/01/15
30251GAC1	FMG RESOURCES AUGUST 2006 PTY	800,000	\$770,000	0.13%	6.875%	02/01/18
345397VU4	FORD MOTOR CREDIT CO LLC	200,000	\$208,747	0.04%	5.875%	08/02/21
345397VP5	FORD MOTOR CREDIT CO LLC	200,000	\$218,019	0.04%	6.625%	08/15/17
345397VN0	FORD MOTOR CREDIT CO LLC	400,000	\$431,000	0.07%	7%	04/15/15
345397VM2	FORD MOTOR CREDIT CO LLC	400,000	\$472,184	0.08%	8.125%	01/15/20
35671D857	FREEPORT-MCMORAN COPPER & GOLD	106,546	\$3,919,827	0.66%	N/A	N/A
35804GAF5	FRESENIUS US FINANCE II	100,000	\$112,625	0.02%	9%	07/15/15
35906AAF5	FRONTIER COMMUNICATIONS CORP	100,000	\$102,750	0.02%	8.25%	04/15/17
35906AAK4	FRONTIER COMMUNICATIONS CORP	200,000	\$199,000	0.03%	8.75%	04/15/22
35906AAH1	FRONTIER COMMUNICATIONS CORP	900,000	\$925,875	0.16%	8.5%	04/15/20
DDD480728	GOODMAN GLOBAL INC	425,705	\$426,170	0.07%	FLOATER	10/28/16
382550BB6	GOODYEAR TIRE & RUBBER CO	700,000	\$766,500	0.13%	8.25%	08/15/20
398436AA3	GRIFOLS INC	400,000	\$422,000	0.07%	8.25%	02/01/18
406216101	HALLIBURTON CO	58,000	\$2,001,580	0.34%	N/A	N/A
DDD466530	HCA INC	1,241,521	\$1,180,997	0.20%	FLOATER	03/31/17
DDD489404	HERTZ CORP	236,300	\$223,407	0.04%	FLOATER	03/11/18
DDD489403	HERTZ CORP	545,875	\$537,118	0.09%	FLOATER	03/11/18
DDD484186	INTELSAT JACKSON HOLDINGS SA	1,293,500	\$1,290,805	0.22%	FLOATER	04/02/18
DDD487801	INTERACTIVE DATA CORP	677,531	\$671,885	0.11%	FLOATER	02/11/18
45867XAE4	INTERGEN NV	500,000	\$528,750	0.09%	9%	06/30/17
459745GF6	INTERNATIONAL LEASE FINANCE CO	100,000	\$101,250	0.02%	8.25%	12/15/20
459745GA7	INTERNATIONAL LEASE FINANCE CO	800,000	\$824,000	0.14%	6.75%	09/01/16
471109AB4	JARDEN CORP	600,000	\$639,000	0.11%	7.5%	05/01/17
DDD494579	KAR AUCTION SERVICES INC	785,439	\$776,602	0.13%	FLOATER	05/19/17
DDD505316	KINETIC CONCEPTS INC	57,714	\$57,690	0.01%	FLOATER	11/04/16
B3P1NM1	KOREA TREASURY BOND	1,435,000,000	\$1,244,028	0.21%	3.75%	06/10/13
B51BMM2	KOREA TREASURY BOND	2,120,000,000	\$1,833,498	0.31%	4%	06/10/12
B675T57	KOREA TREASURY BOND	6,757,990,000	\$5,793,654	0.98%	3%	12/10/13



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B4YV200	KOREA TREASURY BOND	11,000,000,000	\$9,560,337	1.62%	4.25%	12/10/12
Y55777S67	MALAYSIA GOVT	200,000	\$63,072	0.01%	2.711%	02/14/12
B298Y73	MALAYSIA GOVT	1,880,000	\$599,303	0.10%	3.7%	05/15/13
Y55777Y94	MALAYSIA GOVT	2,810,000	\$890,069	0.15%	3.21%	05/31/13
B1LCKL2	MALAYSIA GOVT	3,182,000	\$1,007,231	0.17%	3.718%	06/15/12
B5ZMWT8	MALAYSIA GOVT	3,625,000	\$1,140,513	0.19%	2.509%	08/27/12
B1RPMZ3	MALAYSIA GOVT	6,100,000	\$1,964,490	0.33%	3.814%	02/15/17
B2PDVF9	MALAYSIA GOVT	7,260,000	\$2,309,229	0.39%	3.461%	07/31/13
B0563S1	MALAYSIA GOVT	22,787,000	\$7,252,951	1.23%	3.702%	02/25/13
B603FQ1	MALAYSIA TREASURY BILL	40,000	\$12,541	0.00%	N/A	03/23/12
B51X897	MALAYSIA TREASURY BILL	60,000	\$18,903	0.00%	N/A	01/20/12
Y5577BCY4	MALAYSIA TREASURY BILL	120,000	\$37,270	0.01%	N/A	07/27/12
B51VGS6	MALAYSIA TREASURY BILL	120,000	\$37,711	0.01%	N/A	02/24/12
Y5577BCR9	MALAYSIA TREASURY BILL	8,200,000	\$2,552,541	0.43%	N/A	06/29/12
56585A102	MARATHON PETROLEUM CORP	21,350	\$710,741	0.12%	N/A	N/A
552953AR2	MGM RESORTS INTERNATIONAL	300,000	\$286,500	0.05%	6.625%	07/15/15
DDD507316	MONEYGRAM PAYMENT SYSTEMS WORL	65,136	\$64,078	0.01%	FLOATER	11/18/17
DDD492215	MONEYGRAM PAYMENT SYSTEMS WORL	238,993	\$235,857	0.04%	FLOATER	11/18/17
DDD489829	MSCI INC	195,699	\$197,289	0.03%	FLOATER	03/09/17
628530AL1	MYLAN INC	1,200,000	\$1,330,500	0.22%	7.875%	07/15/20
637071101	NATIONAL OILWELL VARCO INC	31,500	\$2,141,685	0.36%	N/A	N/A
6422363	NEW SOUTH WALES TREASURY CORP	640,000	\$658,749	0.11%	6%	05/01/12
B61GVF0	NEW SOUTH WALES TREASURY CORP	10,770,000	\$11,296,393	1.91%	5.5%	08/01/13
651715AK0	NEWPAGE CORP	600,000	\$447,000	0.08%	11.375%	12/31/14
DDD503184	NEWPAGE CORP	623,359	\$631,930	0.11%	FLOATER	03/07/13
655044105	NOBLE ENERGY INC	38,600	\$3,643,454	0.62%	N/A	N/A
R63339GR1	NORWEGIAN TREASURY BILL	70,500,000	\$11,756,542	1.99%	N/A	03/21/12
B10C1R6	NOTA DO TESOURO NACIONAL NTN	1,680	\$2,031,088	0.34%	6%	05/15/45
B1L7ZR8	NOTA DO TESOURO NACIONAL NTN	4,600	\$5,330,229	0.90%	6%	05/15/15
B0THSG3	NOTA DO TESOURO NACIONAL NTN	5,770	\$3,096,683	0.52%	9.6849%	01/01/12
67000XAL0	NOVELIS INC	200,000	\$213,500	0.04%	8.375%	12/15/17
67000XAM8	NOVELIS INC	600,000	\$646,500	0.11%	8.75%	12/15/20
670346105	NUCOR CORP	41,100	\$1,626,327	0.27%	N/A	N/A



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674599105	OCCIDENTAL PETROLEUM CORP	25,400	\$2,379,980	0.40%	N/A	N/A
DDD386868	PETROPLUS FINANCE LTD	300,000	\$163,500	0.03%	6.75%	05/01/14
726505AL4	PLAINS EXPLORATION & PRODUCTIO	600,000	\$631,500	0.11%	6.75%	02/01/22
B463CP9	POLAND GOVERNMENT	31,780,000	\$8,784,054	1.49%	N/A	01/25/13
2696377	POTASH CORP OF SASKATCHEWAN IN	53,500	\$2,208,480	0.37%	N/A	N/A
B512TQ8	QUEENSLAND TREASURY CORP	4,090,000	\$4,303,773	0.73%	6%	08/21/13
DDD366475	RBS GLOBAL & REXNORD CORP	250,000	\$246,875	0.04%	FLOATER	07/22/13
75524DAN0	RBS GLOBAL & REXNORD CORP	800,000	\$852,000	0.14%	8.5%	05/01/18
DDD488806	REGAL CINEMAS CORP	335,070	\$332,906	0.06%	FLOATER	08/23/17
B0WG005	REPUBLIC OF HUNGARY	60,000	\$62,444	0.01%	3.5%	07/18/16
B1P8L80	REPUBLIC OF HUNGARY	150,000	\$155,801	0.03%	4.375%	07/04/17
B06CGC3	REPUBLIC OF HUNGARY	180,000	\$169,354	0.03%	3.875%	02/24/20
B39TPG9	REPUBLIC OF HUNGARY	435,000	\$471,245	0.08%	5.75%	06/11/18
DDD487995	REYNOLDS GROUP HOLDINGS INC	423,417	\$420,242	0.07%	FLOATER	02/09/18
DDD499745	REYNOLDS GROUP HOLDINGS INC	738,722	\$735,722	0.12%	FLOATER	08/09/18
761735AA7	REYNOLDS GROUP ISSUER INC/LLC/	1,200,000	\$1,155,000	0.20%	9%	05/15/18
767754BX1	RITE AID CORP	500,000	\$550,000	0.09%	9.75%	06/12/16
767754CB8	RITE AID CORP	900,000	\$999,000	0.17%	8%	08/15/20
DDD487895	ROCKWOOD SPECIALTIES GROUP INC	488,231	\$490,571	0.08%	FLOATER	02/10/18
780153AJ1	ROYAL CARIBBEAN CRUISES LTD	300,000	\$315,750	0.05%	7.25%	03/15/18
DDD497472	SBA SENIOR FINANCE II LLC	261,388	\$260,244	0.04%	FLOATER	06/30/18
806857108	SCHLUMBERGER LTD	41,750	\$2,851,942	0.48%	N/A	N/A
82088KAA6	SHEA HOMES LP/FUNDING CORP	600,000	\$562,500	0.10%	8.625%	05/15/19
DDD509109	SINCLAIR TELEVISION GROUP INC	374,400	\$374,390	0.06%	FLOATER	10/29/16
845467109	SOUTHWESTERN ENERGY CO	26,700	\$852,798	0.14%	N/A	N/A
78464A607	SPDR DOW JONES REIT ETF	540,000	\$34,776,000	5.88%	N/A	N/A
85590AAL8	STARWOOD HOTELS & RESORTS WORL	500,000	\$567,500	0.10%	6.75%	05/15/18
DDD447272	SUNGARD DATA SYSTEMS INC	364,199	\$355,777	0.06%	FLOATER	02/28/16
B4NH9M0	SUNGARD DATA SYSTEMS INC	400,000	\$413,000	0.07%	7.625%	11/15/20
867363AE3	SUNGARD DATA SYSTEMS INC	600,000	\$603,750	0.10%	4.875%	01/15/14
B59LBG1	SWEDEN GOVERNMENT BOND	22,690,000	\$3,342,073	0.57%	1.5%	08/30/13
7334821	SWEDEN KINGDOM OF	39,030,000	\$5,866,879	0.99%	5.5%	10/08/12
882330AM5	TCEH CO LLC/TCEH FINANCE INC	1,200,000	\$1,024,500	0.17%	11.5%	10/01/20



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DDD499733	TEREX CORP	322,339	\$324,085	0.05%	FLOATER	04/28/17
DDD488802	TOMKINS LLC AND TOMKINS INC	276,842	\$276,409	0.05%	FLOATER	09/29/16
DDD488345	TRANSDIGM INC	1,168,200	\$1,160,168	0.20%	FLOATER	02/14/17
DDD487890	TRANSUNION LLC/TRANSUNION FINA	248,125	\$247,969	0.04%	FLOATER	02/10/18
DDD487601	TWCC HOLDING CORP	414,248	\$414,162	0.07%	FLOATER	02/11/17
912828CP3	U S TREASURY NOTE/BOND I/L	1,201,353	\$1,295,115	0.22%	2%	07/15/14
912828ET3	U S TREASURY NOTE/BOND I/L	7,986,592	\$8,934,377	1.51%	2%	01/15/16
912828DH0	U S TREASURY NOTE/BOND I/L	34,392,516	\$37,117,057	6.28%	1.625%	01/15/15
912828MY3	U S TREASURY NOTE/BOND I/L	39,394,228	\$41,250,051	6.97%	0.5%	04/15/15
912828BW9	U S TREASURY NOTE/BOND I/L	44,365,142	\$47,016,669	7.95%	2%	01/15/14
912828GN4	U S TREASURY NOTE/BOND I/L	49,994,792	\$50,244,766	8.49%	2%	04/15/12
912828HW3	U S TREASURY NOTE/BOND I/L	55,711,221	\$56,690,513	9.58%	0.625%	04/15/13
912828KM1	U S TREASURY NOTE/BOND I/L	54,570,935	\$57,231,268	9.68%	1.25%	04/15/14
912909108	UNITED STATES STEEL CORP	40,100	\$1,061,046	0.18%	N/A	N/A
DDD490014	UNIVERSAL HEALTH SERVICES INC	939,893	\$939,536	0.16%	FLOATER	11/15/16
914906AH5	UNIVISION COMMUNICATIONS INC	100,000	\$102,000	0.02%	7.875%	11/01/20
914906AM4	UNIVISION COMMUNICATIONS INC	900,000	\$873,000	0.15%	6.875%	05/15/19
DDD445090	UPC FINANCING PARTNERSHIP	300,000	\$290,250	0.05%	FLOATER	12/31/16
DDD489063	VISANT CORP (JOSTENS)	1,177,349	\$1,106,708	0.19%	FLOATER	12/22/16
DDD489394	WALTER ENERGY INC	335,225	\$333,165	0.06%	FLOATER	04/01/18
DDD490019	WARNER CHILCOTT COMPANY LLC	272,228	\$269,336	0.05%	FLOATER	03/15/18
DDD490018	WARNER CHILCOTT CORP	544,457	\$538,672	0.09%	FLOATER	03/15/18
DDD490020	WC LUXCO S A R L	374,314	\$370,337	0.06%	FLOATER	03/15/18
H27013103	WEATHERFORD INTERNATIONAL LTD	144,800	\$2,119,872	0.36%	N/A	N/A
6407070	WESTERN AUSTRALIA TREASURY COR	2,270,000	\$2,457,905	0.42%	8%	06/15/13
B4WN026	WESTERN AUSTRALIA TREASURY COR	2,395,000	\$2,468,907	0.42%	5.5%	07/17/12



FRANKLIN TEMPLETON
INVESTMENTS

Portfolio Holdings for Franklin Real Return Fund as of December 31, 2011

Security Identifier	Security Name	Shares/ Positions Held	Market Value	% of TNA	Coupon Rate	Maturity Date
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INVESTMENTS**

Portfolio Holdings for Franklin Real Return Fund as of December 31, 2011

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- Please consult your financial advisor before deciding to invest. A copy of the latest prospectus, the annual report and semi-annual report, if published, thereafter can be found on our website www.franklintempleton.lu or can be obtained, free of charge, from Franklin Templeton International Services S.A. - Professional of the Financial Sector under the supervision of the Commission de Surveillance du Secteur Financier - 26 Boulevard Royal L-2449 Luxembourg - Tel: +352-46 66 67-1 - Fax: +352-46 66 76.*

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