



FRANKLIN TEMPLETON  
INVESTMENTS

# FRANKLIN MUTUAL GLOBAL DISCOVERY FUND

A SUB-FUND OF LUXEMBOURG-DOMICILED SICAV

31 December 2011

## FUND MANAGER AND LOCATION

**Peter Langerman**, New Jersey, United States  
(since 30 November 2009)

**Philippe Brugere-Trelat**, New Jersey, United States  
(since 30 November 2009)

**Tim Rankin**, New Jersey, United States  
(since 31 December 2010)

## FUND INFORMATION

**Base Currency of Fund:** US dollar

**Fund Size:** \$1.011,14 million

**Number of Positions:** 108

**Fund Index:** MSCI World Index

**Morningstar™ Workstation Category:** Global Large-Cap Value Equity

**Date of Fund Launch:** 25 October 2005

## NET ASSET VALUE AS OF 31 DECEMBER 2011

**A(acc)EUR** €11,62

**A(acc)EUR-H2** €8,73

**A(Ydis)EUR** €16,49

**A(acc)USD** \$12,43

**A(acc)CHF-H1** CHF10,19

**I(acc)USD** \$13,14

**I(acc)EUR** €12,28

**I(acc)EUR-H2** €11,86

## CHARGES AND IDENTIFIERS

Share Class	Max. Initial Sales Charge	Annual Management & Administration Charge
A shares	5,25%	1,50%
I shares	-	0,70%

Share Class	Valoren	ISIN
A(acc)EUR	2054902	LU0211333025
A(acc)EUR-H2	3026234	LU0294219513
A(Ydis)EUR	2637155	LU0260862726
A(acc)USD	2054899	LU0211331839
A(acc)CHF-H1	10527639	LU0450467963
I(acc)EUR	2054944	LU0211333454
I(acc)EUR-H2	4659059	LU0392600937
I(acc)USD	2054943	LU0211332308

## TOTAL EXPENSE RATIO AS OF DECEMBER 2011

**A(acc)EUR** 1,83%

**A(acc)EUR-H2** 1,83%

**A(Ydis)EUR** 1,83%

**A(acc)USD** 1,83%

**A(acc)CHF-H1** 1,85%

**I(acc)EUR** 0,96%

**I(acc)EUR-H2** 0,97%

**I(acc)USD** 0,97%

## EUSD STATUS

**Redemption:** Out of Scope

**Distribution:** Out of Scope

## RATINGS<sup>3,4</sup>

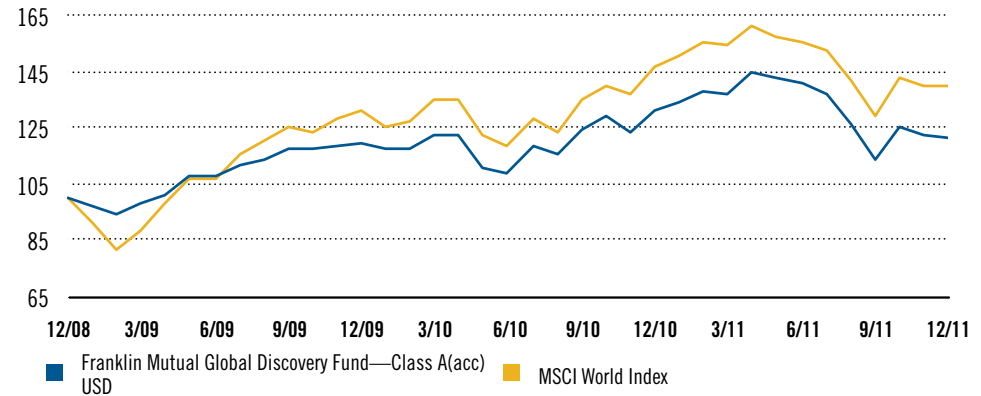
**Morningstar™ Overall Rating:** ★★★★★

**S&P Fund Management Rating:** A

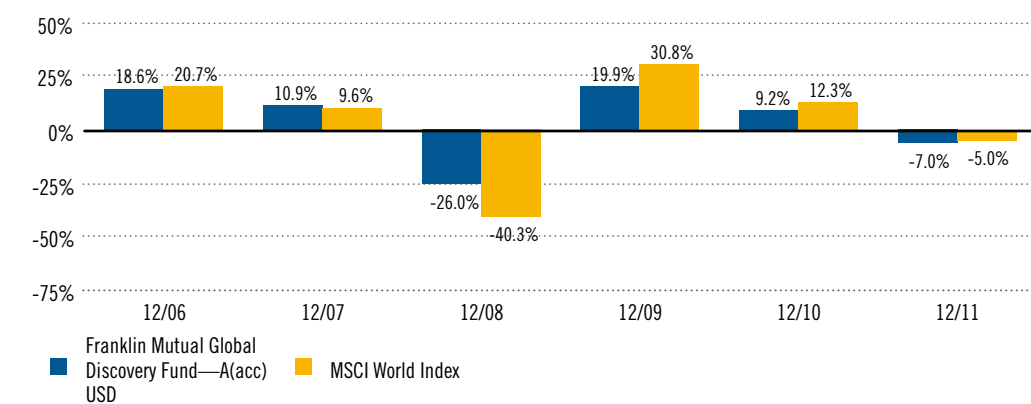
## INVESTMENT OBJECTIVE

The Fund aims to achieve capital appreciation by investing in common stock, preferred stock and debt securities convertible or expected to be convertible into common or preferred stock of companies of any nation as well as in sovereign debts and participations in foreign government debts that the investment manager believes are available at market prices less than their intrinsic value. The Fund primarily invests in mid- and large-cap companies with a market capitalisation around or greater than 1.5 billion US dollars. It may also seek to invest in the securities of companies involved in mergers, consolidations, liquidations and reorganisations. To a lesser extent, the Fund may also purchase debt securities of companies involved in reorganisation or financial restructuring.

## 3 YEAR PERFORMANCE (US DOLLAR)<sup>1,2</sup>



## CALENDAR YEAR PERFORMANCE RETURN (US DOLLAR)<sup>1,2</sup>



## CUMULATIVE AND ANNUALISED (\*) PERFORMANCE

	YTD	1-MO	3-MO	6-MO	1-YR	3-YR	*3-YR	5-YR	*5-YR	SINCE LAUNCH	*SINCE LAUNCH
A(acc)EUR	-3,81	3,20	11,09	-3,09	-3,81	31,45	9,55	2,02	0,40	16,20	2,46
A(acc)EUR-H2	-6,23	0,81	8,58	-9,44	-6,23	21,25	6,64	-	-	-12,62	-2,81
A(Ydis)EUR	-3,89	3,19	11,12	-3,10	-3,89	31,44	9,55	2,02	0,40	7,19	1,31
A(acc)USD	-6,96	-0,64	7,34	-13,56	-6,96	21,75	6,78	0,00	0,00	24,30	3,58
A(acc)CHF-H1	-7,28	-0,68	7,38	-13,20	-7,28	-	-	-	-	1,90	0,82
I(acc)EUR	-3,00	3,28	11,33	-2,69	-3,00	35,10	10,55	6,70	1,30	22,81	3,38
I(acc)EUR-H2	-5,50	0,94	8,81	-9,05	-5,50	24,06	7,46	-	-	18,60	5,56
I(acc)USD	-6,14	-0,53	7,62	-13,15	-6,14	25,03	7,74	4,54	0,89	31,41	4,52
Index	-5,02	-0,02	7,72	-10,07	-5,02	39,56	11,76	-8,77	-1,82	17,27	2,61

## MORNINGSTAR™ SECTOR AVERAGE<sup>5</sup>

	-7,61	0,01	5,61	-12,43	-7,61	30,79	-	-18,15	-	12,38	-
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## PORTFOLIO COMPOSITION (% OF TOTAL)

EQUITY	FIXED INCOME	CASH
92,48	1,09	6,44

Franklin Templeton Switzerland Ltd

Bahnhofstrasse 22, P.O. Box, 8022 Zurich

Phone: +41 (0) 44 217 81 81

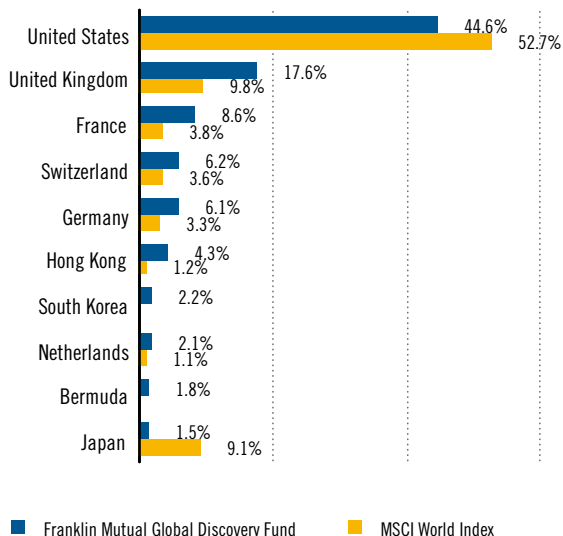
E-mail: info@franklintempleton.ch

Web: www.franklintempleton.ch

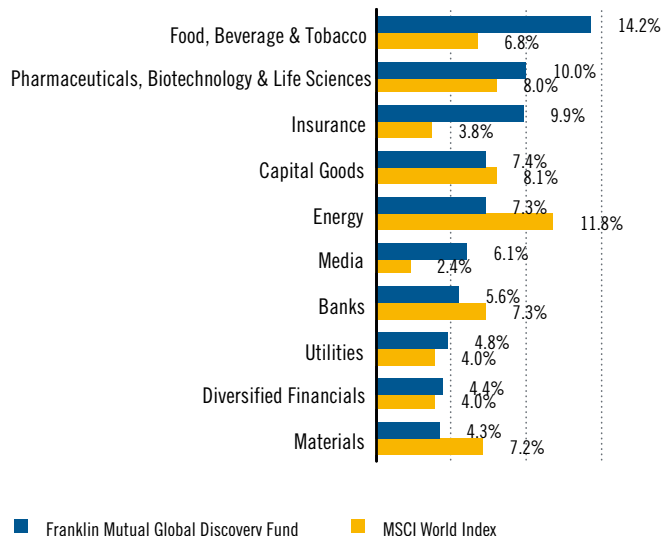
TOP 10 ISSUERS WITHIN THE PORTFOLIO (31 DECEMBER 2011)<sup>6</sup>

SECURITY	INDUSTRY	COUNTRY	%
MERCK & CO INC	Pharmaceuticals, Biotechnology & Life Sciences	United States	2,05
CVS CAREMARK CORP	Food & Staples Retailing	United States	2,05
BRITISH AMERICAN TOBACCO PLC	Food, Beverage & Tobacco	United Kingdom	2,03
LORILLARD INC	Food, Beverage & Tobacco	United States	1,94
IMPERIAL TOBACCO GROUP PLC	Food, Beverage & Tobacco	United Kingdom	1,89
MICROSOFT CORP	Software & Services	United States	1,79
REXAM PLC	Materials	United Kingdom	1,70
PARTNERRE LTD	Insurance	Bermuda	1,64
ROCHE HOLDING AG	Pharmaceuticals, Biotechnology & Life Sciences	Switzerland	1,64
PERNOD RICARD SA	Food, Beverage & Tobacco	France	1,61

PORTFOLIO COUNTRY WEIGHTINGS VS. MSCI WORLD INDEX (% OF EQUITY)



PORTFOLIO INDUSTRY WEIGHTINGS VS. MSCI WORLD INDEX (% OF EQUITY)



PERFORMANCE STATISTICS (31 DECEMBER 2011)<sup>7</sup>

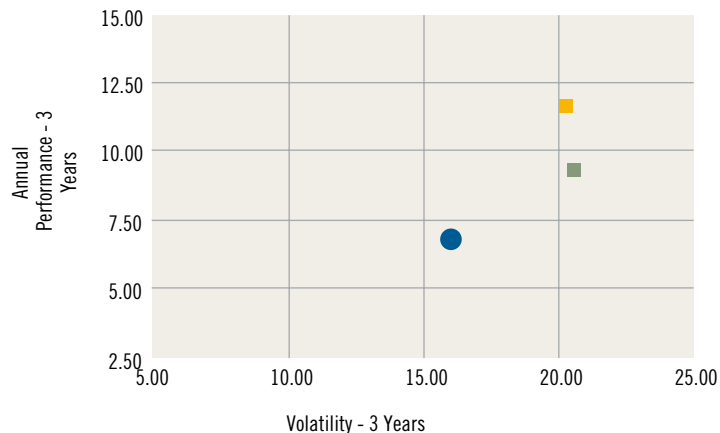
STANDARD DEVIATION	1-YR	3-YR	5-YR
Franklin Mutual Global Discovery Fund	18,46	16,05	14,85
MSCI World Index	16,79	20,16	20,31
SHARPE RATIO	1-YR	3-YR	5-YR
Franklin Mutual Global Discovery Fund	-0,38	0,41	-0,09
MSCI World Index	-0,31	0,58	-0,15
% OF POSITIVE MONTHS	1-YR	3-YR	5-YR
Franklin Mutual Global Discovery Fund	33,33	50,00	48,33
MSCI World Index	33,33	52,78	46,67
GAINS : LOSSES	1-YR	3-YR	5-YR
Franklin Mutual Global Discovery Fund	0,80	1,44	1,06
MSCI World Index	0,85	1,58	1,01
MAXIMUM LOSS	1-YR	3-YR	5-YR
Franklin Mutual Global Discovery Fund	-21,70	-21,70	-31,65
MSCI World Index	-19,43	-19,43	-53,65
VS. MSCI WORLD INDEX	1-YR	3-YR	5-YR
Alpha	-1,39	-1,64	0,50
Beta	1,09	0,72	0,67
Tracking Error	2,83	8,91	8,94
Information Ratio	-0,69	-0,56	0,20
Correlation	0,99	0,90	0,92
R Squared	0,98	0,82	0,84

PORTFOLIO CHARACTERISTICS (31 DECEMBER 2011)<sup>7</sup>

	PORTFOLIO	BENCHMARK
Avg. P/E Ratio	10,35	13,18
Avg. P/BV Ratio	1,24	1,61
Avg. P/CF Ratio	4,28	7,89
Avg. Dividend Yield	3,37%	2,94%
Avg. Market Capitalisation (in millions)	\$47.238	\$64.581
Median Market Capitalisation (in millions)	\$17.108	\$7.739

## MARKET CAPITALISATION BREAKDOWN

	PORTFOLIO
< 1.5 billion	0,2
1.5 billion - 5 billion	7,2
> 5 billion	89,2

RISK VS. RETURN<sup>1, 8</sup>

- Franklin Mutual Global Discovery Fund—A(acc)USD
- MSCI World Index
- Global Large-Cap Blend Equity

## GLOSSARY

**Alpha:** Alpha measures the difference between a fund's actual returns and its expected returns given its risk level as measured by its beta. A positive alpha figure indicates the fund has performed better than its beta would predict. In contrast, a negative alpha indicates a fund has underperformed, given the expectations established by the fund's beta. Some investors see alpha as a measurement of the value added or subtracted by a fund's manager.

**Benchmark:** An unmanaged group of securities whose overall performance is used as a standard to measure investment performance.

**Beta:** A measure of the magnitude of a portfolio's past share-price fluctuations in relation to the ups and downs of the overall market (or appropriate market index). The market (or index) is assigned a beta of 1.00, so a portfolio with a beta of 1.20 would have seen its share price rise or fall by 12% when the overall market rose or fell by 10%.

**Correlation:** A measure of the degree to which the price trends of various investment categories or instruments move in the same direction. The correlation quantifies the strength of the relationship as a figure between -1 and +1. The closer the coefficient is to 1, the stronger the correlation. If the coefficient is -1, the investments and the benchmark move in opposite directions. If the value is 0 there is no correlation.

**Dividend Yield:** A Dividend is a payment of cash or stock from a company's earnings to each stockholder as declared by the company's board of directors. A dividend yield is a snapshot of interest and dividend income from a fund. The yield, expressed as a percentage of the fund's net asset value, is based on income earned over the past 30 days and is annualised for the coming year.

**Information ratio:** In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an Investment has beaten the Benchmark to the consistency by which the Investment has beaten the Benchmark.

**Market capitalization:** A determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share.

**Price-to-book value (P/BV):** The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the ratio is the weighted average price/book ratio of the stocks it holds.

**Price/cash flow (P/CF):** Supplements price/earnings ratio as a measure of relative value; represents a weighted average of the price/cash flow ratios for the underlying fund holdings.

**Price/earnings ratio (P/E):** The share price of a stock, divided by its per-share earnings over the past year. For a portfolio, the weighted average P/E ratio of the stocks in the portfolio. P/E is a good indicator of market expectations about a company's prospects; the higher the P/E, the greater the expectations for a company's future growth in earnings.

**R-squared:** A measure of how much of a portfolio's performance can be explained by the returns from the overall market (or a benchmark index). If a portfolio's total return precisely matched that of the overall market or benchmark, its R-squared would be 1.00. If a portfolio's return bore no relationship to the market's returns, its R-squared would be 0.

**Sharpe ratio:** A measure of risk-adjusted return. To calculate a Sharpe ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset's standard deviation.

**Standard deviation:** A measure of the degree to which a fund's return varies from its previous returns or from the average of all similar funds. The larger the standard deviation, the greater the likelihood (and risk) that a security's performance will fluctuate from the average return.

**Tracking error:** Measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error.

**Volatility:** The degree of fluctuation in the value of a security, mutual fund, or index, volatility is often expressed as a mathematical measure such as a standard deviation or beta. The greater a fund's volatility, the wider the fluctuations between its high and low prices.

## IMPORTANT INFORMATION AND DISCLAIMERS

1. Performance data may represent blended share class performance e.g. hybrid created from an A(dis) share class which was converted to A(acc). Performance figures represent the aggregate total return for the period indicated assuming, where relevant, the reinvestment of dividends and distributions. Performance figures assume reinvestment of dividends. Performance figures above are for A(dis) shares, except where only A(acc) shares are available, then A(acc) performance is shown. S&P sector average represents the Luxembourg universe. The performance data does not take account commissions and/or costs incurred on the issue and redemption of the shares. 2. Chart performance figures are rebased to 100 at the Fund's inception date. 3. Copyright - © 2011 Morningstar, Inc. All Rights Reserved. Morningstar Rating™ as of 31 December 2011, in the Global Large-Cap Blend Equity Morningstar Category™. 4. Copyright © 2011, Standard & Poor's, a division of The McGraw-Hill Companies, Inc. Standard & Poor's including its subsidiary corporations ("S&P") is a division of The McGraw-Hill Companies, Inc. Reproduction of S&P derived data in any form is prohibited except with the prior permission of S&P. Because of the possibility of human or mechanical error by S&P's sources, S&P or others, S&P does not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P be liable for any indirect, special or consequential damages in connection with subscriber's or others' use of any S&P derived data. 5. Copyright - © 2011 Morningstar, Inc. All Rights Reserved. You will find further information under [www.franklintempleton.ch/morningstar/en](http://www.franklintempleton.ch/morningstar/en). 6. 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. 7. Please refer to the Glossary section for more explanations on mathematical measures and financial terms. If you need further explanation, please seek guidance from a Financial Adviser. Due to rounding the percentages shown may be within 0.1% tolerance of the true value. 8. Peer Group Source: © 2011 Standard & Poor's Microcap, Inc. 1-800-596-5323 <http://www.funds-sp.com>. The development of the values shown above originates in the past.

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Please consult your Financial Adviser before deciding to invest. In emerging markets, the risks can be greater than in developed markets. Please read the Prospectus before deciding to invest. Investments in FTIF may not be suitable for all investors. All or most of the protections provided by the Swiss Regulatory System will not apply to the Franklin Templeton Investment Funds' (SICAV) Investors.

Paying agent of Franklin Templeton Investment Funds in Switzerland is JPMorgan Chase Bank, Dreikönigstrasse 21, 8022 Zurich.

Subscriptions for shares in the Fund can only be made on the basis of the most recent Key Features and Prospectus which are available free of charge from Franklin Templeton Switzerland Ltd, Bahnhofstrasse 22, P.O. Box, 8022 Zurich, Phone: +41 (0) 44 217 81 81, E-mail: [info@franklintempleton.ch](mailto:info@franklintempleton.ch).

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