



FRANKLIN TEMPLETON
INVESTMENTS

TEMPLETON KOREA FUND

A SUB-FUND OF LUXEMBOURG-DOMICILED SICAV

31 December 2011

FUND MANAGER AND LOCATION

Mark Mobius, Singapore
(since 8 May 1995)

FUND INFORMATION

Base Currency of Fund: US dollar
Fund Size: \$91,64 million
Number of Positions: 20
Fund Index: MSCI Korea Index
Morningstar™ Workstation Category: Korea Equity
Date of Fund Launch: 8 May 1995

NET ASSET VALUE AS OF 31 DECEMBER 2011

A(acc)USD \$4,73
I(acc)USD \$9,00

CHARGES AND IDENTIFIERS

Share Class	Max. Initial Sales Charge	Annual Management & Administration Charge
A shares	5,25%	2,10%
I shares	-	1,10%

Share Class	Valoren	ISIN
A(acc)USD	482552	LU0057567074
I(acc)USD	2637294	LU0260871479

TOTAL EXPENSE RATIO AS OF DECEMBER 2011

A(acc)USD 2,52%
I(acc)USD 1,43%

EUSD STATUS

Redemption: Out of Scope
Distribution: Out of Scope

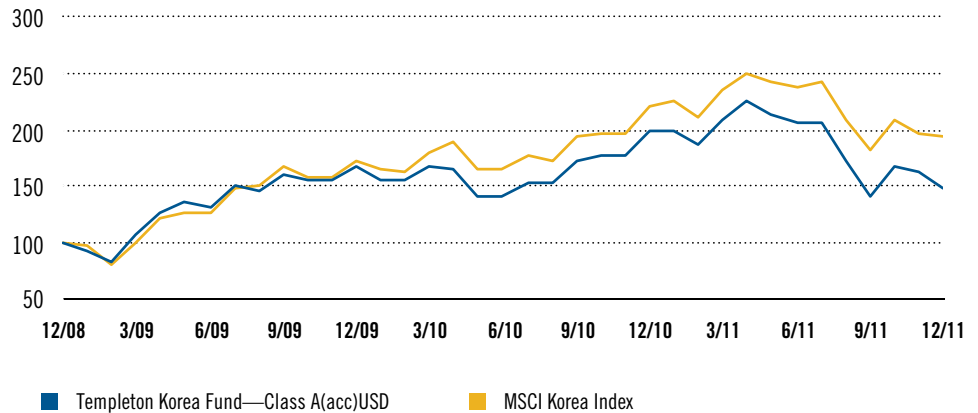
RATINGS

Morningstar™ Overall Rating: ★

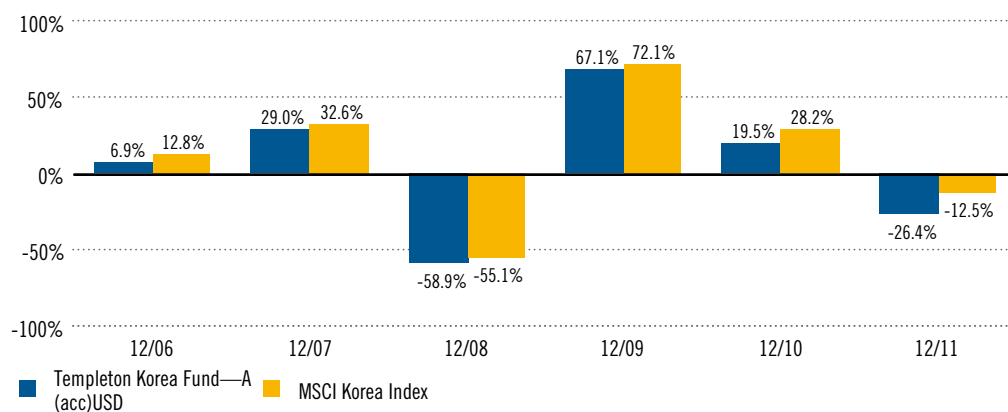
INVESTMENT OBJECTIVE

The Fund aims to achieve long-term capital appreciation by investing primarily in equity securities of issuers incorporated or having their principal business activity in Korea.

3 YEAR PERFORMANCE (US DOLLAR)^{1,2}



CALENDAR YEAR PERFORMANCE RETURN (US DOLLAR)^{1,2}



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)USD	-26,44	-9,56	4,88	-28,87	-26,44	46,89	13,69	-22,08	-4,87	-44,67	-3,49
I(acc)USD	-25,50	-9,37	5,26	-28,40	-25,50	52,28	15,06	-17,13	-3,69	-10,00	-1,96
Index	-12,46	-1,72	5,92	-18,71	-12,46	93,05	24,53	15,00	2,83	166,15	6,06
MORNINGSTAR™ SECTOR AVERAGE ³	-14,37	-4,19	3,05	-21,74	-14,37	70,51	-	4,65	-	152,93	-

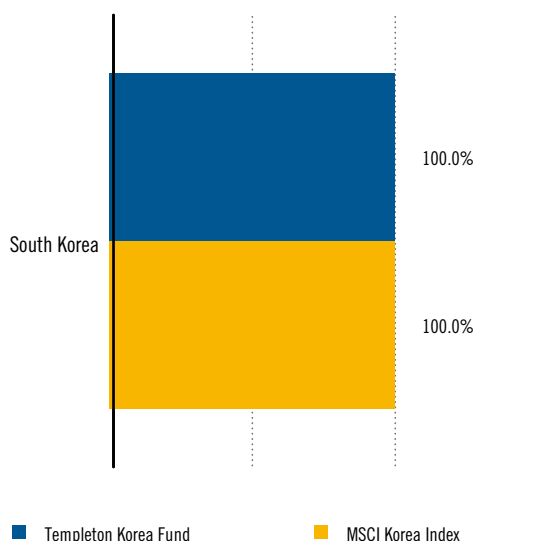
PORTFOLIO COMPOSITION (% OF TOTAL)

EQUITY	FIXED INCOME	CASH
100,08	-	-0,08 ⁴

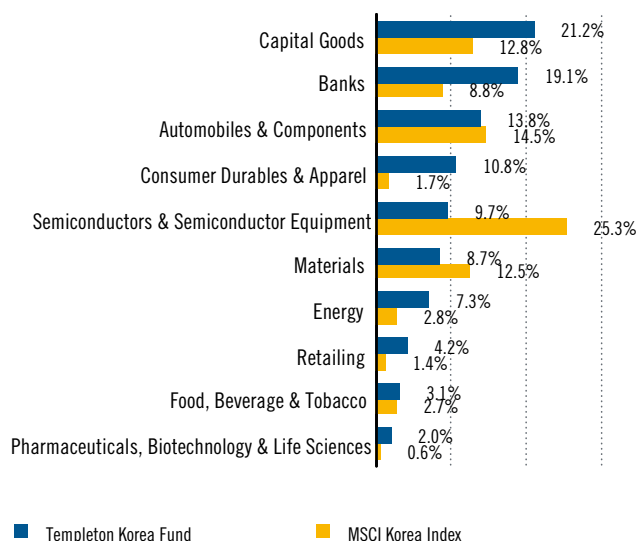
TOP 10 ISSUERS WITHIN THE PORTFOLIO (31 DECEMBER 2011)⁵

SECURITY	INDUSTRY	COUNTRY	%
SAMSUNG ELECTRONICS CO LTD	Semiconductors & Semiconductor Equipment	South Korea	9,71
SHINHAN FINANCIAL GROUP CO LTD	Banks	South Korea	8,26
SK INNOVATION CO LTD	Energy	South Korea	7,33
WOONGJIN COWAY CO LTD	Consumer Durables & Apparel	South Korea	6,91
KB FINANCIAL GROUP INC	Banks	South Korea	6,06
HYUNDAI MOTOR CO	Automobiles & Components	South Korea	4,90
OCI COMPANY LTD	Materials	South Korea	4,87
HANA FINANCIAL GROUP INC	Banks	South Korea	4,75
HANKOOK TIRE CO LTD	Automobiles & Components	South Korea	4,73
HANJIN HEAVY INDUSTRIES & CONSTRUCTION CO LTD	Capital Goods	South Korea	4,71

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



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



PORTFOLIO PERFORMANCE CONTRIBUTOR DATA IN US DOLLAR (31 DECEMBER 2011)

LARGEST CONTRIBUTING SECURITIES	INDUSTRY	COUNTRY	%
Samsung Electronics Co. Ltd.	Semiconductors & Semiconductor Equipment	South Korea	0,31
Medy-Tox Inc.	Pharmaceuticals, Biotechnology & Life Sciences	South Korea	-0,07
Binggrae Co. Ltd.	Food, Beverage & Tobacco	South Korea	-0,16
Lotte Shopping Co. Ltd.	Retailing	South Korea	-0,20
Hyundai Motor Co. Ltd.	Automobiles & Components	South Korea	-0,07
Hankook Tire Manufacturing Co. Ltd.	Automobiles & Components	South Korea	-0,08
GS Engineering & Construction Corp.	Capital Goods	South Korea	-0,02
Hanjin Heavy Industries & Construction Co. Ltd.	Capital Goods	South Korea	-0,07
Hyundai Development Co.	Capital Goods	South Korea	-0,20
LG Chem Ltd.	Materials	South Korea	-0,11

SMALLEST CONTRIBUTING SECURITIES	INDUSTRY	COUNTRY	%
KB Financial Group Inc.	Banks	South Korea	-0,28
Shinhan Financial Group Co. Ltd.	Banks	South Korea	-0,31
Hana Financial Group Inc.	Banks	South Korea	-0,51
Youngone Holdings Co. Ltd.	Consumer Durables & Apparel	South Korea	-0,37
Woongjin Coway Co. Ltd.	Consumer Durables & Apparel	South Korea	-0,42
Hyundai Mobis Co. Ltd.	Automobiles & Components	South Korea	-0,20
Samsung Heavy Industries Co. Ltd.	Capital Goods	South Korea	-0,36
Daewoo Shipbuilding & Marine Engineering Co. Ltd.	Capital Goods	South Korea	-0,72
OCI Co. Ltd.	Materials	South Korea	-0,23
SK Innovation Co. Ltd.	Energy	South Korea	-1,12

PERFORMANCE STATISTICS (31 DECEMBER 2011)⁶

STANDARD DEVIATION	1-YR	3-YR	5-YR
Templeton Korea Fund	36,92	35,78	37,81
MSCI Korea Index	29,17	33,85	35,23
SHARPE RATIO	1-YR	3-YR	5-YR
Templeton Korea Fund	-0,72	0,38	-0,16
MSCI Korea Index	-0,43	0,72	0,04
% OF POSITIVE MONTHS	1-YR	3-YR	5-YR
Templeton Korea Fund	41,67	50,00	48,33
MSCI Korea Index	41,67	58,33	53,33
GAINS : LOSSES	1-YR	3-YR	5-YR
Templeton Korea Fund	0,63	1,50	1,05
MSCI Korea Index	0,80	1,87	1,21
MAXIMUM LOSS	1-YR	3-YR	5-YR
Templeton Korea Fund	-37,79	-37,79	-69,69
MSCI Korea Index	-27,33	-27,33	-68,34
VS. MSCI KOREA INDEX	1-YR	3-YR	5-YR
Alpha	-10,44	-8,23	-6,70
Beta	1,24	1,00	1,03
Tracking Error	10,78	10,62	10,02
Information Ratio	-1,21	-1,01	-0,76
Correlation	0,97	0,95	0,96
R Squared	0,95	0,91	0,93

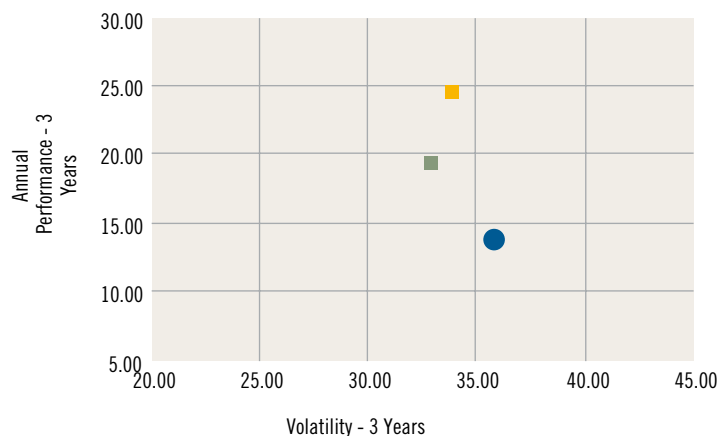
PORTFOLIO CHARACTERISTICS (31 DECEMBER 2011)⁶

	PORTFOLIO	BENCHMARK
Avg. P/E Ratio	10,66	10,68
Avg. P/BV Ratio	1,06	1,19
Avg. P/CF Ratio	5,07	5,96
Avg. Dividend Yield	1,37%	1,34%
Avg. Market Capitalisation (in millions)	\$21.881	\$30
Median Market Capitalisation (in millions)	\$5.592	\$4

MARKET CAPITALISATION BREAKDOWN

	PORTFOLIO
< 1.5 billion	17,4
1.5 billion - 5 billion	20,5
> 5 billion	62,1

RISK VS. RETURN^{1,7}



- Templeton Korea Fund—A(acc)USD
- MSCI Korea Index
- Korea 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. You will find further information under www.franklintempleton.ch/morningstar/en. 4. The negative cash position reflects a temporary position that is a result of a delay in securities settlement transactions. 5. 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. 6. 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. 7. 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.

Copyright © 2011. Franklin Templeton Investments. All rights reserved. Source for all data and charts (if not indicated otherwise): Franklin Templeton Investments. No responsibility is taken for the correctness of the information provided above. Given the variety of investment options available today, we suggest investors seek guidance from a Financial Adviser. Nearly every investment entails special risks that should be discussed with an experienced professional. Each investor's goals are unique and proper guidance toward the most suitable products is essential. For more details regarding the potential risks of this Fund, please refer to the current full or simplified Prospectus. Past performance is no guarantee of current or future performance.

This Fund is a sub fund of Franklin Templeton Investment Funds (FTIF), a Luxembourg-registered SICAV. This information does not constitute or form part of an offer for shares or an invitation to apply for shares. The prices of shares and income received from it can go down as well as up, and investors may not get back the full amount invested. Currency fluctuation may affect the value of overseas investments. An investment in FTIF entails risks which are described in the prospectus. No shares of the SICAV may be directly or indirectly offered or sold to nationals or residents of the United States of America. 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.

Issued by Franklin Templeton Switzerland Ltd, a company authorized and regulated by the Swiss Financial Market Supervisory Authority FINMA as representative of Franklin Templeton Investment Funds.