



**FRANKLIN TEMPLETON  
INVESTMENTS**

# FRANKLIN U.S. EQUITY FUND

A SUB-FUND OF LUXEMBOURG-DOMICILED SICAV

31 December 2011

## FUND MANAGER AND LOCATION

**Kent Shepherd**, California, United States  
(since 1 July 1999)

## FUND INFORMATION

**Base Currency of Fund:** US dollar  
**Fund Size:** \$714,44 million  
**Number of Positions:** 88  
**Fund Index:** S&P 500 Index  
**Morningstar™ Workstation Category:** N/A  
**Date of Fund Launch:** 1 July 1999

## NET ASSET VALUE AS OF 31 DECEMBER 2011

**A(acc)EUR** €11,80  
**A(acc)EUR-H1** €10,88  
**A(acc)USD** \$15,29  
**I(acc)USD** \$12,25  
**I(acc)EUR** €8,76  
**I(acc)EUR-H1** €7,46

## 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	1337372	LU0139291818
A(acc)EUR-H1	2054953	LU0211333967
A(acc)USD	824950	LU0098860363
I(acc)EUR	1922983	LU0195950216
I(acc)EUR-H1	4273044	LU0366763539
I(acc)USD	1745127	LU0181995647

## TOTAL EXPENSE RATIO AS OF DECEMBER 2011

A(acc)EUR	1,81%
A(acc)EUR-H1	1,81%
A(acc)USD	1,82%
I(acc)EUR	0,96%
I(acc)EUR-H1	0,96%
I(acc)USD	0,96%

## EUUSD STATUS

**Redemption:** Out of Scope  
**Distribution:** Out of Scope

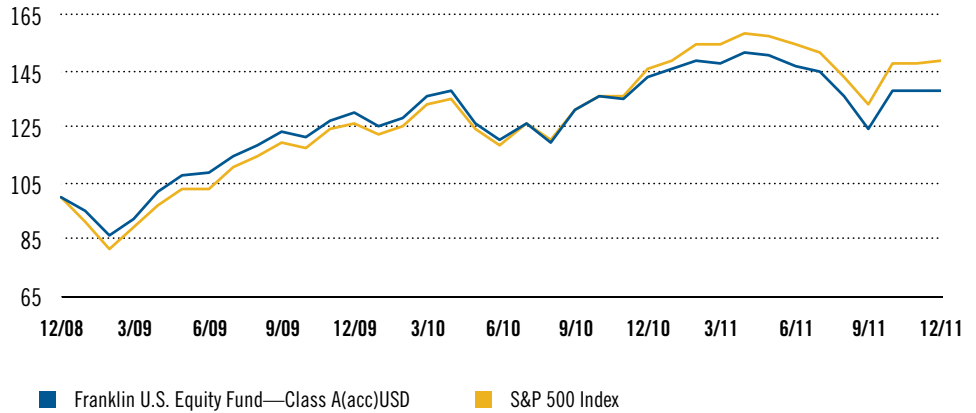
## RATINGS<sup>3</sup>

**Morningstar™ Overall Rating:** ★★☆☆

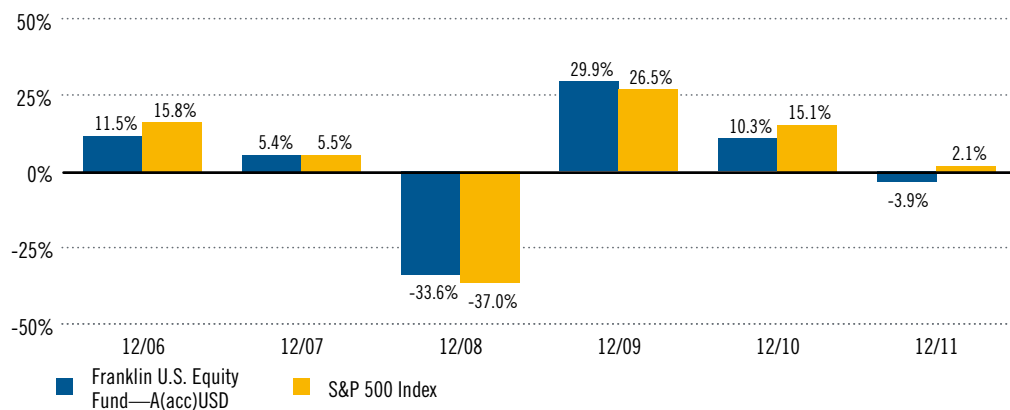
## INVESTMENT OBJECTIVE

The Fund aims to achieve long-term capital appreciation by investing principally in US equity securities or convertibles as well as American Depository Receipts and American Depository Shares listed on the major US stock exchanges.

## 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	-0,67	3,96	14,79	5,36	-0,67	48,80	14,18	-1,66	-0,34	-19,94	-2,18
A(acc)EUR-H1	-3,72	0,09	10,68	-5,80	-3,72	36,68	10,99	-9,56	-1,99	-2,16	-0,33
A(acc)USD	-3,89	0,13	10,88	-5,96	-3,89	37,63	11,24	-3,59	-0,73	52,91	3,46
I(acc)EUR	0,23	4,04	15,11	5,80	0,23	52,61	15,14	2,81	0,56	8,28	1,09
I(acc)EUR-H1	-2,87	0,13	11,01	-5,33	-2,87	36,13	10,84	-	-	-6,29	-1,82
I(acc)USD	-3,01	0,25	11,16	-5,55	-3,01	41,30	12,22	0,74	0,15	22,50	2,60
Index	2,11	1,02	11,82	-3,69	2,11	48,59	14,12	-1,24	-0,25	14,34	1,08

## MORNINGSTAR™ SECTOR AVERAGE<sup>4</sup>

0,00	0,00	0,00	0,00	0,00	0,00	-	0,00	-	0,00	-
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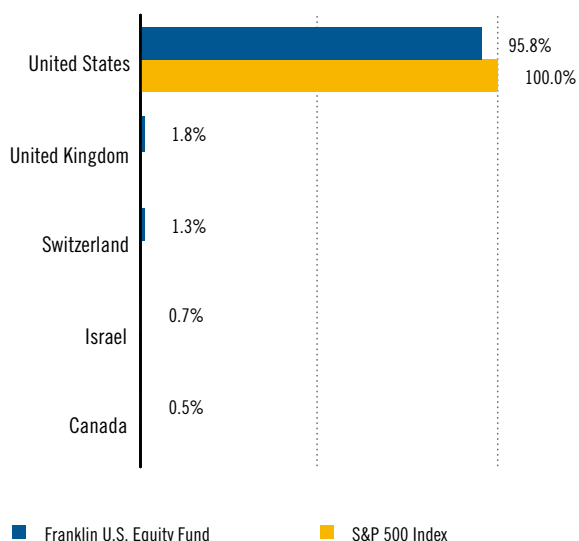
## PORTFOLIO COMPOSITION (% OF TOTAL)

EQUITY	FIXED INCOME	CASH
95,94	-	4,06

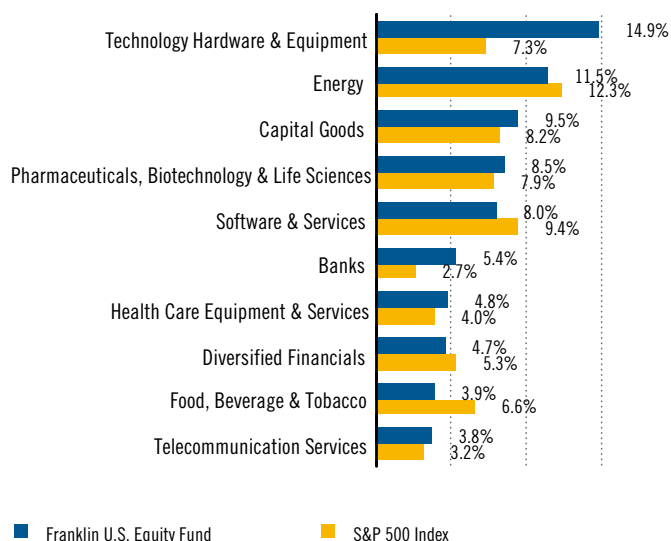
TOP 10 ISSUERS WITHIN THE PORTFOLIO (31 DECEMBER 2011)<sup>5</sup>

SECURITY	INDUSTRY	COUNTRY	%
APPLE INC	Technology Hardware & Equipment	United States	3,24
WELLS FARGO & CO	Banks	United States	2,98
GOOGLE INC	Software & Services	United States	2,49
JPMORGAN CHASE & CO	Diversified Financials	United States	2,33
PEPSICO INC	Food, Beverage & Tobacco	United States	2,31
US BANCORP	Banks	United States	2,23
BOEING CO	Capital Goods	United States	2,18
AT&T INC	Telecommunication Services	United States	2,10
ANADARKO PETROLEUM CORP	Energy	United States	2,06
EXPRESS SCRIPTS INC	Health Care Equipment & Services	United States	2,04

## PORTFOLIO COUNTRY WEIGHTINGS VS. S&amp;P 500 INDEX (% OF EQUITY)



## PORTFOLIO INDUSTRY WEIGHTINGS VS. S&amp;P 500 INDEX (% OF EQUITY)



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

LARGEST CONTRIBUTING SECURITIES	INDUSTRY	COUNTRY	%
Apple Inc.	Technology Hardware & Equipment	United States	0,20
Wells Fargo & Co.	Banks	United States	0,20
U.S. Bancorp	Banks	United States	0,11
Google Inc. Cl A	Software & Services	United States	0,19
JPMorgan Chase & Co.	Diversified Financials	United States	0,18
Merck & Co Inc	Pharmaceuticals, Biotechnology & Life Sciences	United States	0,09
Walt Disney Co.	Media	United States	0,09
General Electric Co.	Capital Goods	United States	0,25
Boeing Co.	Capital Goods	United States	0,15
Exxon Mobil Corp.	Energy	United States	0,10

SMALLEST CONTRIBUTING SECURITIES	INDUSTRY	COUNTRY	%
Dell Inc.	Technology Hardware & Equipment	United States	-0,10
Research In Motion Ltd.	Technology Hardware & Equipment	Canada	-0,11
EMC Corp.	Technology Hardware & Equipment	United States	-0,12
Oracle Corp.	Software & Services	United States	-0,21
Kohl's Corp.	Retailing	United States	-0,10
Expeditors International of Washington Inc.	Transportation	United States	-0,10
Emerson Electric Co.	Capital Goods	United States	-0,15
Bill Barrett Corp.	Energy	United States	-0,12
Schlumberger Ltd.	Energy	United States	-0,13
Anadarko Petroleum Corp.	Energy	United States	-0,14

PERFORMANCE STATISTICS (31 DECEMBER 2011)<sup>6</sup>

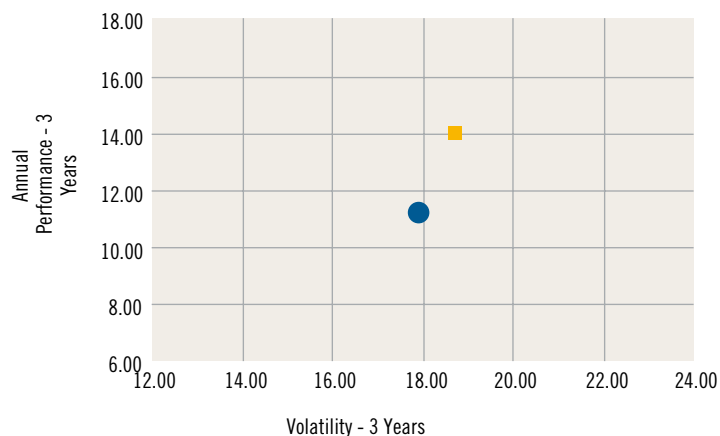
STANDARD DEVIATION	1-YR	3-YR	5-YR
Franklin U.S. Equity Fund	16,16	17,89	17,78
S&P 500 Index	15,26	18,71	18,73
SHARPE RATIO	1-YR	3-YR	5-YR
Franklin U.S. Equity Fund	-0,25	0,62	-0,11
S&P 500 Index	0,13	0,75	-0,08
% OF POSITIVE MONTHS	1-YR	3-YR	5-YR
Franklin U.S. Equity Fund	41,67	58,33	53,33
S&P 500 Index	50,00	63,89	56,67
GAINS : LOSSES	1-YR	3-YR	5-YR
Franklin U.S. Equity Fund	0,87	1,63	1,04
S&P 500 Index	1,19	1,75	1,06
MAXIMUM LOSS	1-YR	3-YR	5-YR
Franklin U.S. Equity Fund	-17,92	-17,92	-46,14
S&P 500 Index	-16,26	-18,18	-50,95
VS. S&P 500 INDEX	1-YR	3-YR	5-YR
Alpha	-5,88	-1,80	-0,64
Beta	1,05	0,94	0,93
Tracking Error	2,69	3,61	3,33
Information Ratio	-2,23	-0,80	-0,14
Correlation	0,99	0,98	0,98
R Squared	0,97	0,96	0,97

PORTFOLIO CHARACTERISTICS (31 DECEMBER 2011)<sup>6</sup>

	PORTFOLIO	BENCHMARK
Avg. P/E Ratio	13,13	13,71
Avg. P/BV Ratio	2,04	2,04
Avg. P/CF Ratio	8,42	7,31
Avg. Dividend Yield	1,90%	2,20%
Avg. Market Capitalisation (in millions)	\$90.432	\$95.250
Median Market Capitalisation (in millions)	\$37.998	\$11.148

## MARKET CAPITALISATION BREAKDOWN

	PORTFOLIO
< 1.5 billion	0,0
1.5 billion - 5 billion	5,8
> 5 billion	94,2

RISK VS. RETURN<sup>1,7</sup>

- Franklin U.S. Equity Fund—A(acc)USD
- S&P 500 Index

## 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 Error Morningstar Category™. 4. Copyright - © 2011 Morningstar, Inc. All Rights Reserved. You will find further information under [www.franklintempleton.ch/morningstar/en](http://www.franklintempleton.ch/morningstar/en). 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.

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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](mailto:info@franklintempleton.ch).

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