



FRANKLIN TEMPLETON
INVESTMENTS

TEMPLETON FRONTIER MARKETS FUND

A SUB-FUND OF LUXEMBOURG-DOMICILED SICAV

31 December 2011

FUND MANAGER AND LOCATION

Mark Mobius, Singapore
(since 14 October 2008)

FUND INFORMATION

Base Currency of Fund: US dollar
Fund Size: \$771,87 million
Number of Positions: 99
Fund Index: MSCI Frontier Markets Index
Morningstar™ Workstation Category: Global Emerging Markets Equity
Date of Fund Launch: 14 October 2008

NET ASSET VALUE AS OF 31 DECEMBER 2011

A(acc)EUR €13,97
A(acc)EUR-H1 €8,13
A(acc)USD \$13,25
A(Ydis)USD \$13,01
I(acc)USD \$13,72
I(acc)EUR €14,47

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)EUR	4613722	LU0390137031
A(acc)EUR-H1	11136506	LU0496363770
A(acc)USD	4613685	LU0390136736
A(Ydis)USD	4613778	LU0390137627
I(acc)EUR	4613747	LU0390137205
I(acc)USD	4613713	LU0390136900

TOTAL EXPENSE RATIO AS OF DECEMBER 2011

A(acc)EUR 2,58%
A(acc)EUR-H1 2,59%
A(acc)USD 2,59%
A(Ydis)USD 2,59%
I(acc)EUR 1,54%
I(acc)USD 1,53%

EUUSD STATUS

Redemption: Out of Scope
Distribution: Out of Scope

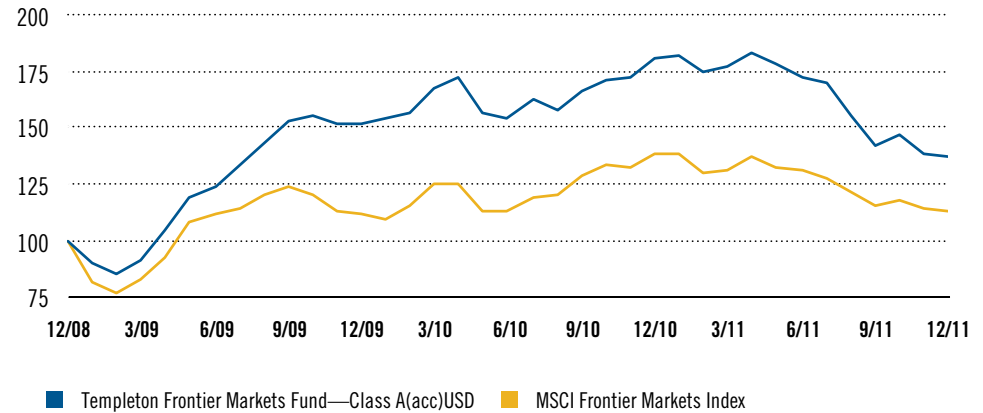
RATINGS

Morningstar™ Overall Rating: ★★

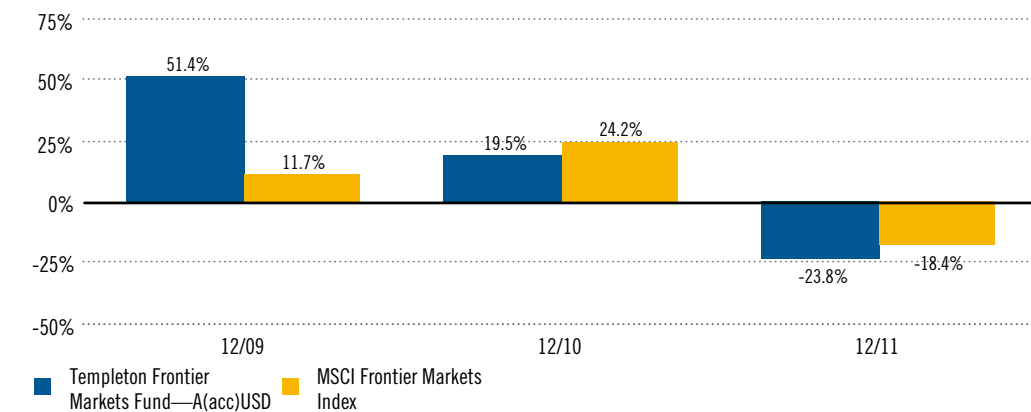
INVESTMENT OBJECTIVE

The Fund aims to achieve long-term capital appreciation by investing principally in transferable equity securities of companies incorporated and/or having their principal business activities in the frontier markets countries across the market capitalisation spectrum.

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)EUR	-21,29	3,63	0,72	-10,73	-21,29	48,79	14,17	-	-	39,71	10,97
A(acc)EUR-H1	-23,80	-0,12	-2,87	-20,22	-23,80	-	-	-	-	-18,70	-11,14
A(acc)USD	-23,85	-0,23	-2,72	-20,32	-23,85	37,74	11,27	-	-	32,51	9,16
A(Ydis)USD	-23,88	-0,23	-2,69	-20,37	-23,88	37,77	11,28	-	-	32,53	9,17
I(acc)EUR	-20,45	3,73	0,98	-10,23	-20,45	53,78	15,44	-	-	44,71	12,20
I(acc)USD	-23,05	-0,15	-2,49	-19,95	-23,05	42,33	12,50	-	-	37,21	10,35
Index	-18,38	-1,12	-1,92	-13,72	-18,38	13,29	4,25	-26,13	-5,88	-26,19	-9,02

MORNINGSTAR™ SECTOR AVERAGE³

	-20,76	-2,16	3,17	-20,20	-20,76	60,91	-	-	-	39,89	-
--	--------	-------	------	--------	--------	-------	---	---	---	-------	---

PORTFOLIO COMPOSITION (% OF TOTAL)

EQUITY	FIXED INCOME	CASH
97,70	0,00	2,30

Franklin Templeton Switzerland Ltd

Bahnhofstrasse 22, P.O. Box, 8022 Zurich

Phone: +41 (0) 44 217 81 81

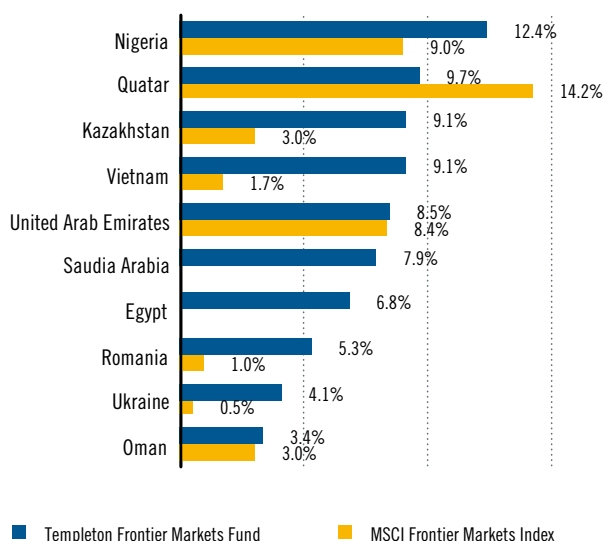
E-mail: info@franklintempleton.ch

Web: www.franklintempleton.ch

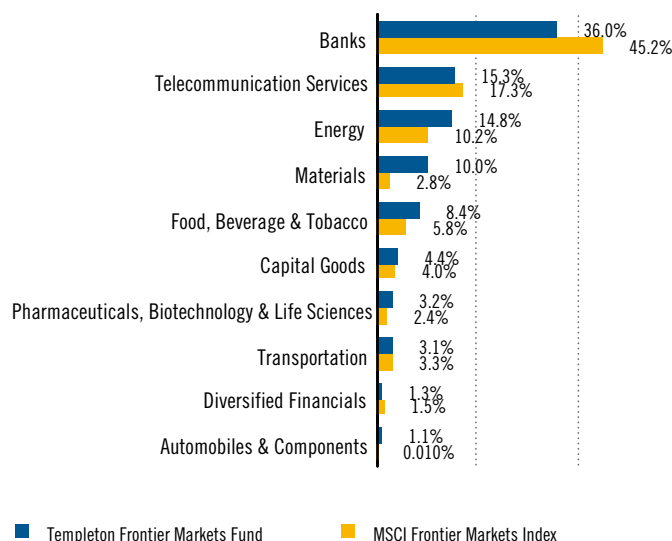
TOP 10 ISSUERS WITHIN THE PORTFOLIO (31 DECEMBER 2011)⁴

SECURITY	INDUSTRY	COUNTRY	%
KAZMUNAIGAS EXPLORATION PRODUCTION	Energy	Kazakhstan	6,29
ORASCOM TELECOM HOLDING SAE	Telecommunication Services	Egypt	5,65
COMMERCIAL BANK OF QATAR	Banks	Quatar	3,39
QATAR TELECOM QTEL Q.S.C.	Telecommunication Services	Quatar	3,03
ZENITH BANK PLC	Banks	Nigeria	3,02
DRAGON OIL PLC	Energy	Ireland	2,89
NATIONAL BANK OF ABU DHABI	Banks	United Arab Emirates	2,80
NATIONAL MOBILE TELECOMMUNICATIONS CO	Telecommunication Services	Kuwait	2,71
INDUSTRIES QATAR	Capital Goods	Quatar	2,53
FIRST GULF BANK	Banks	United Arab Emirates	2,52

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



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



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

LARGEST CONTRIBUTING SECURITIES	INDUSTRY	COUNTRY	%
Bank Muscat S.A.O.G.	Banks	Oman	0,24
Commercial Bank of Qatar Q.S.C.	Banks	Quatar	0,15
Zenith Bank PLC	Banks	Nigeria	0,13
HSBC BANK PLC	Banks	Saudia Arabia	0,09
National Bank of Abu Dhabi PJSC	Banks	United Arab Emirates	0,09
Hsbc Bank @na 04-aug-2014	Materials	Saudia Arabia	0,09
Dong Phu Rubber JSC	Materials	Vietnam	0,07
Arab Potash Co.	Materials	Jordan	0,07
TERNIUM S.A. ADS	Materials	Argentina	0,07
PetroVietnam Technical Services Corp.	Energy	Vietnam	0,07

SMALLEST CONTRIBUTING SECURITIES	INDUSTRY	COUNTRY	%
United Bank Ltd.	Banks	Pakistan	-0,22
Qatar Telecom Q.S.C.	Telecommunication Services	Quatar	-0,14
DHG Pharmaceutical JSC	Pharmaceuticals, Biotechnology & Life Sciences	Vietnam	-0,07
Agroton Public Ltd	Food, Beverage & Tobacco	Ukraine	-0,08
Zambeef Products PLC	Food, Beverage & Tobacco	Zambia	-0,09
MRIYA AGRO HOLDING PLC	Food, Beverage & Tobacco	Ukraine	-0,10
Ferrexpo PLC	Materials	United Kingdom	-0,11
OandO PLC	Energy	Nigeria	-0,14
KazMunaiGas EP JSC - GDR	Energy	Kazakhstan	-0,23
Dragon Oil PLC	Energy	Ireland	-0,31

PERFORMANCE STATISTICS (31 DECEMBER 2011)⁵

STANDARD DEVIATION	1-YR	3-YR	5-YR
Templeton Frontier Markets Fund	13,65	20,21	-
MSCI Frontier Markets Index	11,18	22,06	23,89
SHARPE RATIO	1-YR	3-YR	5-YR
Templeton Frontier Markets Fund	-1,76	0,55	-
MSCI Frontier Markets Index	-1,66	0,19	-0,30
% OF POSITIVE MONTHS	1-YR	3-YR	5-YR
Templeton Frontier Markets Fund	33,33	61,11	-
MSCI Frontier Markets Index	33,33	52,78	53,33
GAINS : LOSSES	1-YR	3-YR	5-YR
Templeton Frontier Markets Fund	0,25	1,58	-
MSCI Frontier Markets Index	0,30	1,26	0,90
MAXIMUM LOSS	1-YR	3-YR	5-YR
Templeton Frontier Markets Fund	-24,63	-24,63	-
MSCI Frontier Markets Index	-18,39	-23,73	-66,12
VS. MSCI FRONTIER MARKETS INDEX	1-YR	3-YR	5-YR
Alpha	-5,34	7,54	-
Beta	1,05	0,82	-
Tracking Error	6,96	9,82	-
Information Ratio	-0,79	0,71	-
Correlation	0,86	0,90	-
R Squared	0,74	0,80	-

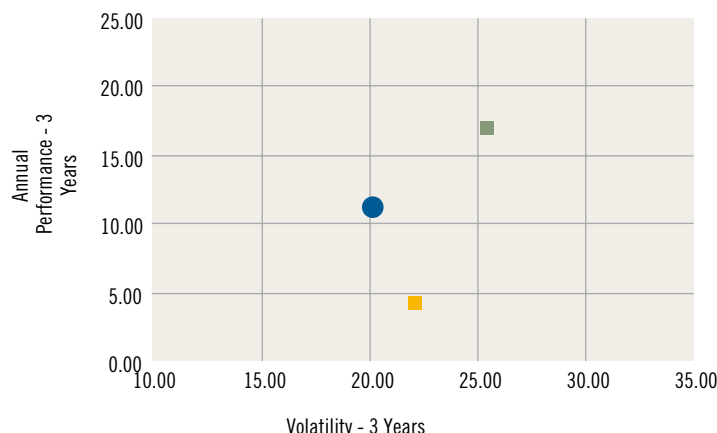
PORTFOLIO CHARACTERISTICS (31 DECEMBER 2011)⁵

	PORTFOLIO	BENCHMARK
Avg. P/E Ratio	6,08	10,22
Avg. P/BV Ratio	1,14	1,43
Avg. P/CF Ratio	4,43	5,68
Avg. Dividend Yield	4,19%	5,50%
Avg. Market Capitalisation (in millions)	\$6.338	\$7.769
Median Market Capitalisation (in millions)	\$529	\$1.207

MARKET CAPITALISATION BREAKDOWN

	PORTFOLIO
< 1.5 billion	29,0
1.5 billion - 5 billion	22,6
> 5 billion	35,9

RISK VS. RETURN^{1, 6}



- Templeton Frontier Markets Fund—A(acc)USD
- MSCI Frontier Markets Index
- Global Emerging Markets 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 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. 5. 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. 6. Peer Group Source: © 2011 Standard & Poor's Micropal, 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.