



**FRANKLIN TEMPLETON  
INVESTMENTS**

# FRANKLIN EUROLAND CORE FUND

A SUB-FUND OF LUXEMBOURG-DOMICILED SICAV

31 December 2011

## FUND MANAGER AND LOCATION

**Uwe Zoellner**, Frankfurt, Germany  
(since 28 November 2008)

## FUND INFORMATION

**Base Currency of Fund:** Euro  
**Fund Size:** €24,30 million  
**Number of Positions:** 62  
**Fund Index:** MSCI EMU Index  
**Morningstar™ Workstation Category:** Eurozone Large-Cap Equity  
**Date of Fund Launch:** 28 November 2008

## NET ASSET VALUE AS OF 31 DECEMBER 2011

**A(acc)EUR** €11,53  
**A(acc)USD** \$11,74  
**I(acc)USD** \$12,07  
**I(acc)EUR** €11,85

## 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	4612159	LU0390138864
A(acc)USD	4612164	LU0390138948
I(acc)EUR	4612174	LU0390139169
I(acc)USD	4612188	LU0390139243

## TOTAL EXPENSE RATIO AS OF DECEMBER 2011

**A(acc)EUR** 1,87%  
**A(acc)USD** 1,87%  
**I(acc)EUR** 1,00%  
**I(acc)USD** 1,00%

## EUSD STATUS

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

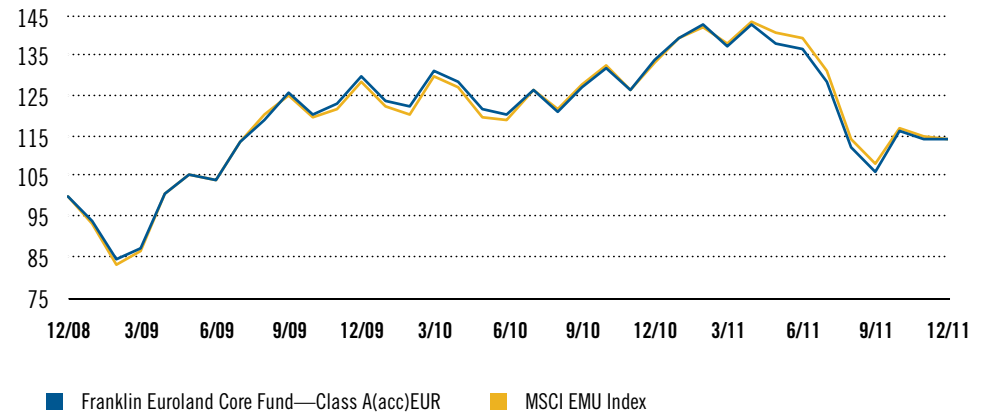
## RATINGS<sup>3</sup>

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

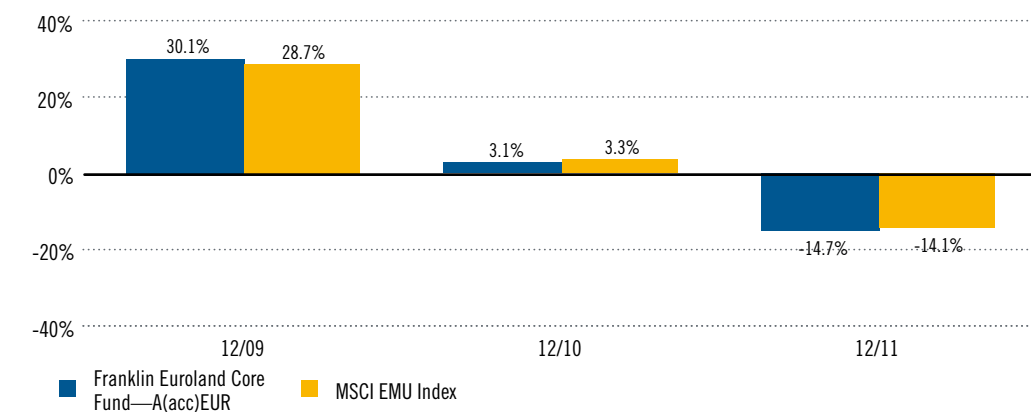
## INVESTMENT OBJECTIVE

The Fund aims to achieve capital appreciation by investing principally in equity securities of companies of any market capitalisation in Euroland countries.

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



## CALENDAR YEAR PERFORMANCE RETURN (EURO)<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	-14,72	0,44	7,86	-16,08	-14,72	14,39	4,59	-	-	15,30	4,72
A(acc)USD	-17,50	-3,29	4,17	-25,13	-17,50	5,77	1,89	-	-	17,41	5,33
I(acc)EUR	-13,94	0,51	8,02	-15,72	-13,94	17,45	5,51	-	-	18,50	5,65
I(acc)USD	-16,81	-3,29	4,32	-24,84	-16,81	8,65	2,81	-	-	20,71	6,28
Index	-14,08	-0,36	5,80	-18,07	-14,08	14,17	4,52	-31,03	-7,16	14,43	4,46

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

	-15,30	0,44	5,11	-17,67	-15,30	9,59	-	-	-	12,82	-
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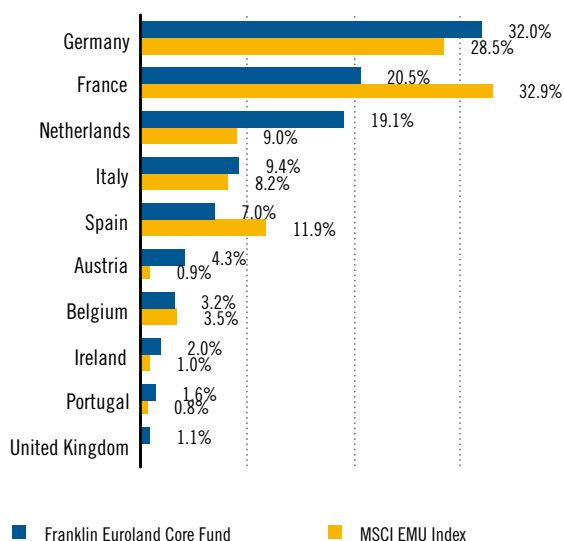
## PORTFOLIO COMPOSITION (% OF TOTAL)

EQUITY	FIXED INCOME	CASH
96,53	-	3,47

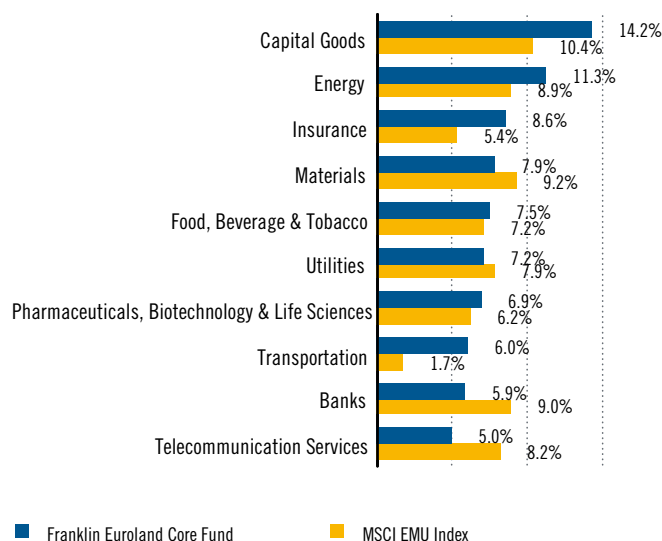
TOP 10 ISSUERS WITHIN THE PORTFOLIO (31 DECEMBER 2011)<sup>5</sup>

SECURITY	INDUSTRY	COUNTRY	%
TOTAL SA	Energy	France	4,88
ALLIANZ SE	Insurance	Germany	3,84
SIEMENS AG	Capital Goods	Germany	3,81
ING GROEP NV	Diversified Financials	Netherlands	3,17
ANHEUSER-BUSCH INBEV NV	Food, Beverage & Tobacco	Belgium	3,13
E.ON AG	Utilities	Germany	2,82
BASF SE	Materials	Germany	2,77
TELEFONICA SA	Telecommunication Services	Spain	2,68
ENI SPA	Energy	Italy	2,67
KONINKLIJKE PHILIPS ELECTRONICS NV	Capital Goods	Netherlands	2,65

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



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



## PORTFOLIO PERFORMANCE CONTRIBUTOR DATA IN EURO (31 DECEMBER 2011)

LARGEST CONTRIBUTING SECURITIES	INDUSTRY	COUNTRY	%
Banco Bilbao Vizcaya Argentaria S.A.	Banks	Spain	0,16
ASML Holding N.V.	Semiconductors & Semiconductor Equipment	Netherlands	0,17
Vienna Insurance Group	Insurance	Austria	0,24
Sanofi S.A.	Pharmaceuticals, Biotechnology & Life Sciences	France	0,19
Anheuser-Busch InBev	Food, Beverage & Tobacco	Belgium	0,22
Atlantia S.p.A.	Transportation	Italy	0,14
Koninklijke Philips Electronics N.V.	Capital Goods	Netherlands	0,21
CRH PLC	Materials	Ireland	0,15
Total S.A.	Energy	France	0,22
Fugro N.V.	Energy	Netherlands	0,13

SMALLEST CONTRIBUTING SECURITIES	INDUSTRY	COUNTRY	%
E.ON AG	Utilities	Germany	-0,30
Deutsche Telekom AG	Telecommunication Services	Germany	-0,11
Telefonica S.A.	Telecommunication Services	Spain	-0,13
Software AG	Software & Services	Germany	-0,12
Capgemini	Software & Services	France	-0,16
SAP AG	Software & Services	Germany	-0,17
Allianz SE	Insurance	Germany	-0,17
ING Groep N.V.	Diversified Financials	Netherlands	-0,10
Metro AG	Food & Staples Retailing	Germany	-0,21
Volkswagen AG (Pfd Non-Vtg)	Automobiles & Components	Germany	-0,10

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

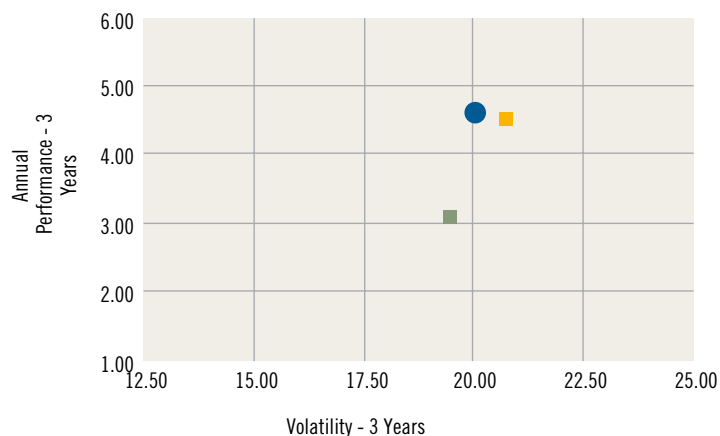
STANDARD DEVIATION	1-YR	3-YR	5-YR
Franklin Euroland Core Fund	18,79	20,05	-
MSCI EMU Index	18,63	20,73	20,77
SHARPE RATIO	1-YR	3-YR	5-YR
Franklin Euroland Core Fund	-0,82	0,20	-
MSCI EMU Index	-0,79	0,19	-0,43
% OF POSITIVE MONTHS	1-YR	3-YR	5-YR
Franklin Euroland Core Fund	41,67	50,00	-
MSCI EMU Index	33,33	47,22	45,00
GAINS : LOSSES	1-YR	3-YR	5-YR
Franklin Euroland Core Fund	0,58	1,25	-
MSCI EMU Index	0,59	1,25	0,83
MAXIMUM LOSS	1-YR	3-YR	5-YR
Franklin Euroland Core Fund	-25,66	-25,66	-
MSCI EMU Index	-24,67	-24,67	-55,69
VS. MSCI EMU INDEX	1-YR	3-YR	5-YR
Alpha	-0,91	-0,15	-
Beta	0,99	0,97	-
Tracking Error	2,12	2,13	-
Information Ratio	-0,31	-0,11	-
Correlation	0,99	0,99	-
R Squared	0,99	0,99	-

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

	PORTFOLIO	BENCHMARK
Avg. P/E Ratio	9,36	10,36
Avg. P/BV Ratio	1,20	1,11
Avg. P/CF Ratio	4,92	5,64
Avg. Dividend Yield	4,61%	4,95%
Avg. Market Capitalisation (in millions)	€34.151	€29.934
Median Market Capitalisation (in millions)	€14.048	€5.942

## MARKET CAPITALISATION BREAKDOWN

	PORTFOLIO
< 1.5 billion	4,9
1.5 billion - 5 billion	13,5
> 5 billion	81,7

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

- Franklin Euroland Core Fund—A(acc)EUR
- MSCI EMU Index
- Eurozone Large-Cap 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 Eurozone Large-Cap Equity 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 Micropal, 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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