



FRANKLIN TEMPLETON
INVESTMENTS

TEMPLETON EMERGING MARKETS BALANCED FUND

A SUB-FUND OF LUXEMBOURG-DOMICILED SICAV

August 31, 2012

INVESTMENT OBJECTIVE

The Fund's investment objective is to maximise, consistent with prudent investment management, a combination of capital appreciation and income. The Fund seeks to achieve its objective by investing principally in a diversified portfolio of equity securities, fixed and floating rate debt securities, including low-rated debt securities, and debt obligations issued by government, government-related issuers and corporate entities which are located, incorporated or have their principal business activities in developing or Emerging Market countries. The Fund will typically invest at least 25% of its assets in Emerging Market equity securities and at least 25% of its assets in debt securities but the proportion of its assets allocated to each may vary over time depending on the Investment Managers' view of the relative attractiveness of each asset class.

FUND MANAGER AND LOCATION

Mark Mobius, Singapore

Michael Hasenstab, San Mateo, California

FUND DATA¹

Base Currency of Fund: US Dollar

Portfolio Size: \$60.45 million

Date of Launch: April 29, 2011

Purchase of Shares:

Min Initial Investment \$5,000.00

Min Subsequent Investment \$1,000.00

Primary Fund Benchmark/Index:

50% MSCI Emerging Markets + 50% JP Morgan EMBI Global

Morningstar™ Workstation Category:

Europe OE Global Emerging Markets Allocation

Dividend Frequency: Quarterly

Investment Management Fee (% p.a.):²

1.30%

Share Class	Date Paid	Amount
A(Qdis)USD	07/16/12	\$0.07
B(Mdis)USD	06/15/12	\$0.01
A(Ydis)EUR	07/09/12	€0.21

Client Services

Global (727) 299-5042

U.S. (800) 239-3894

Email: stpcds@templeton.com

Offshore Sales Support Team

U.S. (800) 233-9796

Canada (877) 389-0076

Web www.templetonoffshore.com

Address

100 Fountain Parkway

PO Box 33030

St. Petersburg, Florida 33716

ASSET ALLOCATION¹

EQUITY	FIXED INCOME	CASH	# OF ISSUES
60.69%	29.36%	9.95%	99

PERFORMANCE IN SHARE CLASS CURRENCY AS OF AUGUST 31, 2012

	1-MO	3-MO	6-MO	1-YR	3-YR*	5-YR*	10-YR*	SINCE LAUNCH	SINCE LAUNCH*
A(Qdis)USD	1.04	4.99	-8.93	-4.97	-	-	-	-10.44	-7.89
A(acc)USD	1.02	4.92	-9.04	-5.09	-	-	-	-10.50	-7.94
B(Mdis)USD	0.88	4.61	-9.70	-6.48	-	-	-	-10.59	-8.72
C(acc)USD	1.01	4.88	-9.34	-5.74	-	-	-	-9.70	-7.98
N(acc)USD	1.02	4.95	-9.08	-5.42	-	-	-	-10.90	-8.24
A(Ydis)EUR	-1.25	3.08	-3.71	8.40	-	-	-	5.31	3.93
A(acc)EUR	-1.22	3.13	-3.66	8.44	-	-	-	5.40	4.00

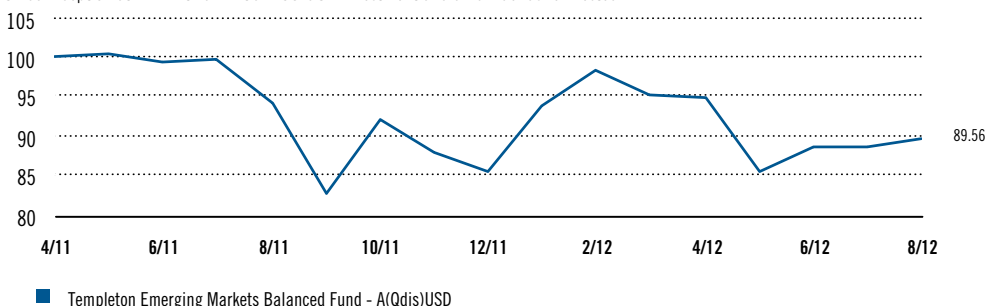
*Annualized Performance

CALENDAR YEAR PERFORMANCE AS OF AUGUST 31, 2012

	NAV	YTD	2011	2010	2009	2008	2007	2006	2005	2004
A(Qdis)USD	\$8.76	4.64	-	-	-	-	-	-	-	-
A(acc)USD	\$8.95	4.55	-	-	-	-	-	-	-	-
B(Mdis)USD	\$8.88	3.50	-	-	-	-	-	-	-	-
C(acc)USD	\$9.03	4.03	-	-	-	-	-	-	-	-
N(acc)USD	\$8.91	4.33	-	-	-	-	-	-	-	-
A(Ydis)EUR	€10.30	7.51	-	-	-	-	-	-	-	-
A(acc)EUR	€10.54	7.55	-	-	-	-	-	-	-	-

TOTAL PERFORMANCE IN US DOLLAR AS OF AUGUST 31, 2012

*Since inception at NAV with an initial 100 USD investment and all dividends reinvested.



PORTFOLIO COMPOSITION (% OF TOTAL)¹

LARGEST HOLDINGS³

TOP 5 EQUITY SECURITIES	%
Gazprom, ADR	5.17
Vale SA, ADR, pfd., A	4.72
Petroleo Brasileiro SA, ADR, pfd.	2.77
Itau Unibanco Holding SA, ADR	2.76
Reliance Industries Ltd., GDR, 144A	2.62

TOP 5 FIXED INCOME SECURITIES	%
Korea Treasury Bond, senior bond, 3.00%, 12/10/13	2.47
Government of Mexico, 8.00%, 12/19/13	1.73
Government of Ukraine, Reg S, 7.75%, 9/23/20	1.09
Government of Mexico, 9.50%, 12/18/14	1.07
Government of Ghana, 23.00%, 8/21/17	1.03

COUNTRY BREAKDOWN¹

COUNTRY BREAKDOWN	%
Brazil	14.04
China	10.66
Russia	10.39
India	7.49
Mexico	5.29
Indonesia	3.98
South Korea	3.30
South Africa	2.99
Other	31.92
Cash/Cash Equivalent	9.95

CURRENCY BREAKDOWN¹

CURRENCY BREAKDOWN	%
US Dollar	49.91
Hong Kong Dollar	8.48
S Africa C Rand	4.82
Mexican Peso	4.06
Indo Rupiah	4.01
S Korean Won	3.30
Nigerian Naira	2.79
Ghana Cedi	2.67
Thailand Baht	2.38
Other	17.59

FUND IDENTIFIERS

SHARE CLASS*	INCEPTION DATE	CUSIP	BLOOMBERG	ISIN
A(Qdis)USD	04/29/2011	L4059C615	TEMAQDULX	LU0608807946
A(acc)USD	04/29/2011	L4059C417	TEMBAAULX	LU0608807433
B(Mdis)USD	06/10/2011	L4059C672	TEMNBMULX	LU0608809215
C(acc)USD	06/10/2011	L4059C680	TEMNCAULX	LU0608809488
N(acc)USD	04/29/2011	L4059C730	TEMBNAULX	LU0608810734
A(Ydis)EUR	04/29/2011	L4059C623	TEMAYDELX	LU0608808167
A(acc)EUR	04/29/2011	L4059C425	TEMBAAELX	LU0608807516

* (Mdis) - monthly distribution; (Qdis) - quarterly distribution; (Ydis) - yearly distribution; (acc) - accumulation

WHAT ARE THE RISKS

The Fund invests primarily in a diversified portfolio of equity securities, fixed and floating rate debt securities and debt obligations issued by government, government related issuers and corporate entities which are located, incorporated or have their principal business activities in developing or Emerging Market countries. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in developing markets involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size and lesser liquidity. These and other risk considerations are discussed in the fund's simplified prospectus.

DISCLAIMERS

1. Portfolio Composition and Asset Allocation data as of July 31, 2012 (Negative currency positions, if any, may occur due to hedging, unsettled payables, and derivatives holdings).
2. Investment Management Fee is a monthly fee equivalent to a percentage of the Fund's adjusted daily net assets received by the Investment Manager for each Class of Shares, except for the I shares classes. For a full description of all fees and charges that an investor may incur, including the initial sales charges and maintenance and company charges attributable to a class of shares of the Fund, please consult the current Prospectus of FTIF.
3. The portfolio manager for the Fund reserves the right to withhold release of information with respect to holdings that would otherwise be included in a top 10 holdings list.

Copyright © 2012. Franklin Templeton Investments. All rights reserved. Investors should consider the fund's investment objective, risks, charges and expenses carefully before investing. The prospectus contains this and other information about the fund. Performance figures shown represent the aggregate total return for the period indicated assuming, where relevant, the reinvestment of dividends and distributions. The performance figures are shown net of all fees, but do not reflect the effect of any sales charges that might apply. Such sales charges would have the effect of reducing the performance returns shown. Due to rounding, the percentages shown may be within 0.1% tolerance of the true value. The "Ten Largest Holdings" represent the ten largest holdings in the Fund as of the date shown, and do not represent all of the securities purchased, sold or recommended for advisory clients. The reader should not assume that investment in the securities listed was or will be profitable. This report does not constitute or form part of any offer for shares of the Fund or an invitation to apply for such shares. Subscriptions for shares in the Fund can only be made on the basis of the Fund's most recent prospectus. The price of shares of the Fund and income there from can go down as well as up and you may not get back the full amount that you invested. **Past performance is no guarantee for future performance.** Fund holdings and characteristics are subject to change. Currency fluctuations will affect the value of overseas investments. No shares in this Fund may be offered or sold to citizens or residents of the United States of America. Current performance may be lower or higher than the performance data quoted. Please consult your professional advisor for current performance and before deciding to invest. To obtain a free prospectus or for questions relating to the information set forth above may be referred to Franklin Templeton Client Dealer Services at the address and number listed below. Investors should read the prospectus carefully before investing. In the U.S., this publication is made available to you for informational purposes only by Templeton/Franklin Investment Services, Inc. Tel: (800) 239-3894 (USA Toll-Free), (877) 389-0076 (Canada Toll-Free), and Fax: (727) 299-8736. **Investments are not FDIC insured; may lose value and are not bank guaranteed.**

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Not all intermediaries make available to investors each of the Funds' share classes listed. Please consult your investment professional to confirm which classes of shares are available.