



FRANKLIN TEMPLETON
INVESTMENTS

FRANKLIN MUTUAL EUROPEAN FUND

A SUB-FUND OF LUXEMBOURG-DOMICILED SICAV

August 31, 2012

INVESTMENT OBJECTIVE

The Fund aims to achieve long-term capital appreciation by investing principally in equity securities of companies incorporated or having their principal activities in European countries that the investment manager believes are available at prices less than their intrinsic value. The Fund may also seek to invest in the securities of companies involved in mergers, consolidations, liquidations and reorganisations. To a lesser extent, the Fund may also purchase debt securities of companies involved in reorganisation or financial restructuring. The Fund may also invest up to 10% of its net assets in non-European securities.

FUND MANAGER AND LOCATION

Philippe Brugere-Trelat, Short Hills, New Jersey
Katrina Dudley, Short Hills, New Jersey

FUND DATA¹

Base Currency of Fund: Euro

Portfolio Size: €2,111.10 million

Date of Launch: April 03, 2000

Purchase of Shares:

Min Initial Investment \$5,000.00

Min Subsequent Investment \$1,000.00

Primary Fund Benchmark/Index:

MSCI Europe NETR (Price With Net Dividend) Index

Morningstar™ Workstation Category:

Europe Large-Cap Value Equity

Dividend Frequency: Accumulating

Investment Management Fee (% p.a.):²

1.00%

Share Class	Date Paid	Amount
A(Ydis)EUR	07/09/12	€0.27
B(Ydis)EUR	07/08/09	€0.03

FUND AWARDS AND RATINGS

S&P Capital IQ Grading:⁴ Gold

Morningstar™ Overall Rating:⁵ ★★★★★

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
94.67%	0.00%	5.33%	71

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(acc)USD	4.30	13.10	-3.36	-0.23	1.59	-4.92	7.66	115.89	6.40
B(acc)USD	4.18	12.72	-4.01	-1.55	0.27	-6.15	6.28	84.30	5.05
C(acc)USD	4.24	12.94	-3.63	-0.85	1.01	-5.48	-	99.01	7.14
N(acc)USD	4.26	12.85	-3.72	-0.97	0.83	-5.63	6.82	83.60	5.53
A(Ydis)EUR	1.95	11.08	2.31	13.86	6.10	-3.41	-	15.77	2.16
A(acc)EUR	2.02	11.14	2.33	13.95	6.12	-3.40	5.00	52.96	4.07
B(Ydis)EUR	1.90	10.71	1.61	12.43	4.72	-4.64	-	-19.68	-3.88
C(acc)EUR	1.94	10.95	2.00	13.26	5.49	-3.96	-	11.27	1.57
N(acc)EUR	1.88	10.90	1.95	13.04	5.32	-4.13	4.22	41.01	3.27

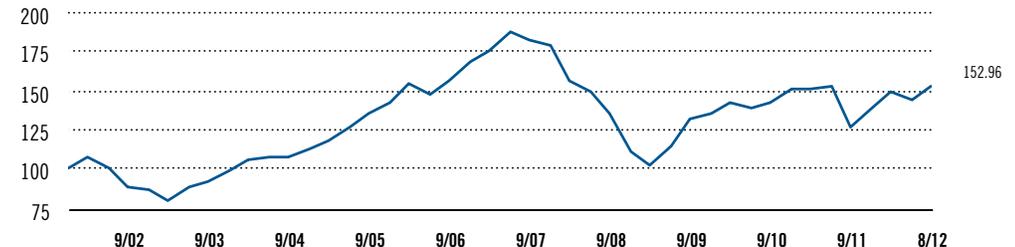
*Annualized Performance

CALENDAR YEAR PERFORMANCE AS OF AUGUST 31, 2012

	NAV	YTD	2011	2010	2009	2008	2007	2006	2005	2004
A(acc)USD	\$21.59	7.41	-11.22	4.47	23.83	-40.48	18.31	31.34	9.81	23.07
B(acc)USD	\$18.43	6.47	-12.40	3.13	22.27	-41.27	16.86	29.72	8.37	21.56
C(acc)USD	\$19.90	6.99	-11.72	3.85	23.20	-40.86	17.66	30.56	9.09	22.30
N(acc)USD	\$18.36	6.87	-11.90	3.72	22.88	-40.93	17.46	30.32	8.95	22.19
A(Ydis)EUR	€15.66	10.47	-8.28	11.78	20.98	-37.85	6.96	17.80	-	-
A(acc)EUR	€17.16	10.50	-8.21	11.76	21.03	-37.91	7.01	17.76	25.91	14.41
B(Ydis)EUR	€14.47	9.54	-9.46	10.36	19.37	-38.66	-	-	-	-
C(acc)EUR	€15.81	10.02	-8.76	11.15	20.29	-38.23	6.30	17.10	-	-
N(acc)EUR	€14.65	9.90	-8.88	10.92	20.13	-38.38	6.20	16.94	24.89	13.54

TOTAL PERFORMANCE IN EURO AS OF AUGUST 31, 2012

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



■ Franklin Mutual European Fund - A(acc)EUR

PORTFOLIO COMPOSITION (% OF TOTAL)¹

TOP 10 ISSUERS³

SECURITY NAME	%
A P MOLLER - MAERSK A/S	3.58
REXAM PLC	3.29
NOVARTIS AG	2.92
BRITISH AMERICAN TOBACCO PLC	2.83
ACCOR SA	2.72
ZURICH INSURANCE GROUP AG	2.71
VINCI SA	2.69
ROYAL DUTCH SHELL	2.64
HSBC HOLDINGS PLC	2.46
VODAFONE GROUP PLC	2.43

FUND CHARACTERISTICS

STATISTICS	
Price to Earnings Ratio	12.54x
Price to Book Value Ratio	1.32x
Price to Cash Flow Ratio	6.26x
3 Yrs Annualized Std Deviation - Fund	12.93%

SHARE CLASS	YIELD
A(Ydis)EUR	1.75

COUNTRY BREAKDOWN¹

COUNTRY BREAKDOWN	%
United Kingdom	28.05
France	21.77
Germany	13.17
Switzerland	11.31
Netherlands	7.65
Denmark	3.58
Norway	2.32
Belgium	1.91
Other	4.91
Cash/Cash Equivalent	5.33

CURRENCY BREAKDOWN¹

CURRENCY BREAKDOWN	%
Euro	56.19
British Pound	25.48
Swiss Franc	11.31
Danish Krone	3.58
US Dollar	2.06
Norwegian Krone	1.38

INDUSTRY BREAKDOWN¹

INDUSTRY BREAKDOWN	%
Materials	10.98
Insurance	9.72
Energy	8.07
Capital Goods	8.07
Food Beverage & Tobacco	6.86
Pharmaceuticals & Biotechnology	6.31
Banks	5.36
Automobiles & Components	5.12
Other	34.18
Cash/Cash Equivalent	5.33

FUND IDENTIFIERS

SHARE CLASS*	INCEPTION DATE	CUSIP	BLOOMBERG	ISIN
A(acc)USD	04/03/2000	L4058R274	TEMFMEALX	LU0109981661
B(acc)USD	04/03/2000	L4058R282	TEMFMEBLX	LU0109981828
C(acc)USD	09/09/2002	L4058S520	TEMFMCALX	LU0152906920
N(acc)USD	05/14/2001	L4058R720	TEMFMBXLX	LU0128530259
A(Ydis)EUR	10/25/2005	L4058X479	TEMFMADLX	LU0229938955
A(acc)EUR	12/31/2001	L4058S249	TEMFMEEELX	LU0140363002
B(Ydis)EUR	02/14/2007	L4059A601	TEMMBDELX	LU0285259742
C(acc)EUR	10/25/2005	L4058X487	TEMFACLX	LU0229939094
N(acc)EUR	12/31/2001	L4058S256	TEMFBELX	LU0140363267

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

WHAT ARE THE RISKS

Because the Fund invests in issuers located in Europe, it may experience greater volatility than a more geographically diversified fund. Foreign securities risks include currency fluctuations, and economic and political uncertainties. In addition, the Fund's investments in smaller-company stocks carry an increased risk of price fluctuation, especially over the short term. The Fund may also invest in companies engaged in mergers, consolidations, reorganizations or liquidations, which involve certain risks, as well as in lower-rated bonds, which entail higher credit risk. Interest rate movements may affect the Fund's share price and yield. The Fund may be subject to a variety of risks in addition to those described herein. Please consult the Prospectus for a full discussion of these risks.

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.
 4. An S&P Capital IQ fund grading represents an opinion only and should not be relied on when making an investment decision. Past performance is not indicative of future results. Currency exchange rates may affect the value of investments. Copyright © 2012 by McGraw-Hill International (UK) Limited (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.
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