



FRANKLIN TEMPLETON
INVESTMENTS

TEMPLETON EASTERN EUROPE FUND

A SUB-FUND OF LUXEMBOURG-DOMICILED SICAV

August 31, 2012

INVESTMENT OBJECTIVE

The Fund aims to achieve long-term capital appreciation by investing primarily in listed equity securities of issuers organized under the laws of or having their principal activities within the countries of Eastern Europe, as well as the New Independent States, i.e. the countries in Europe and Asia that were formerly part of or under the influence of the Soviet Union.

FUND MANAGER AND LOCATION

Mark Mobius, Singapore

FUND DATA¹

Base Currency of Fund: Euro

Portfolio Size: €481.06 million

Date of Launch: November 10, 1997

Purchase of Shares:

Min Initial Investment \$5,000.00

Min Subsequent Investment \$1,000.00

Primary Fund Benchmark/Index:

MSCI EM Europe Index

Morningstar™ Workstation Category:

Emerging Europe Equity

Dividend Frequency: Annually

Investment Management Fee (% p.a.):²

1.60%

Share Class	Date Paid	Amount
A(Ydis)EUR	07/09/07	€0.22
B(Ydis)EUR	07/09/07	€0.05

FUND AWARDS AND RATINGS

Morningstar™ Overall Rating:⁴ ★★

Morningstar™ Style Box:⁴

STYLE

Value Blend Growth

	Value	Blend	Growth

SIZE

Large

Medium

Small

☒ Current

ASSET ALLOCATION¹

EQUITY	FIXED INCOME	CASH	# OF ISSUES
97.52%	0.00%	2.48%	48

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	3.79	11.70	-12.09	-19.07	-5.83	-11.28	-	-8.03	-1.21
B(acc)USD	3.66	11.25	-12.74	-20.13	-7.06	-12.43	-	-37.70	-7.59
C(acc)USD	3.76	11.49	-12.40	-19.58	-6.38	-11.79	-	-11.70	-1.80
A(Ydis)EUR	1.49	9.73	-6.93	-7.58	-1.64	-9.86	-	-11.56	-1.78
A(acc)EUR	1.48	9.67	-6.94	-7.59	-1.65	-9.86	8.71	148.09	6.33
B(Ydis)EUR	1.44	9.27	-7.65	-8.84	-2.86	-10.93	-	-42.52	-9.50
N(acc)EUR	1.48	9.62	-7.17	-8.03	-2.13	-10.30	8.16	103.46	6.28

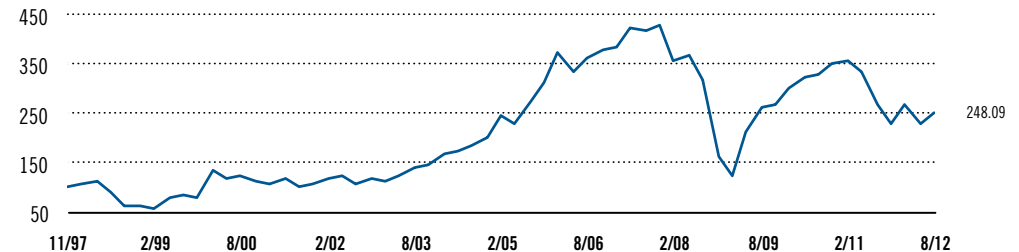
*Annualized Performance

CALENDAR YEAR PERFORMANCE AS OF AUGUST 31, 2012

	NAV	YTD	2011	2010	2009	2008	2007	2006	2005	2004
A(acc)USD	\$26.82	9.69	-41.94	16.71	103.16	-67.42	22.60	37.16	-	-
B(acc)USD	\$6.23	8.72	-42.70	15.21	100.46	-67.86	21.13	-	-	-
C(acc)USD	\$8.83	9.28	-42.28	16.09	102.01	-67.64	21.86	36.40	-	-
A(Ydis)EUR	€21.09	12.84	-40.00	24.90	98.57	-66.02	10.87	23.04	-	-
A(acc)EUR	€21.32	12.86	-40.02	24.91	98.51	-66.02	10.89	23.04	54.66	39.56
B(Ydis)EUR	€4.95	11.74	-40.78	23.64	96.43	-66.41	-	-	-	-
N(acc)EUR	€19.94	12.53	-40.32	24.28	97.60	-66.20	10.37	22.39	53.86	38.90

TOTAL PERFORMANCE IN EURO AS OF AUGUST 31, 2012

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



PORTFOLIO COMPOSITION (% OF TOTAL)¹

TOP 10 ISSUERS³

SECURITY NAME	%
SBERBANK OF RUSSIA	10.55
LUKOIL HOLDINGS	8.80
GAZPROM	6.84
KAZMUNAIGAS EXPLORATION PRODUCTION	6.67
RAIFFEISEN BANK INTERNATIONAL AG	5.10
ZHAIKMUNAI LP	4.38
OTP BANK	4.16
ORIFLAME COSMETICS SA	3.90
ERSTE GROUP BANK AG	3.72
CTC MEDIA INC	3.47

FUND CHARACTERISTICS

STATISTICS	
Price to Earnings Ratio	5.90x
Price to Book Value Ratio	0.83x
Price to Cash Flow Ratio	4.39x
3 Yrs Annualized Std Deviation - Fund	22.59%

Client Services

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St. Petersburg, Florida 33716

COUNTRY BREAKDOWN¹

COUNTRY BREAKDOWN	%
Russia	36.78
Kazakhstan	11.05
Poland	10.70
Turkey	10.25
Austria	9.13
Hungary	5.44
Ukraine	4.10
Sweden	3.90
Other	6.18
Cash/Cash Equivalent	2.48

CURRENCY BREAKDOWN¹

CURRENCY BREAKDOWN	%
US Dollar	50.37
Poland Zloty	13.12
Euro	11.61
Turkish Lira	10.25
Hungarian Forint	4.99
Swedish Krona	3.90
Czech Koruna	3.86
British Pound	1.32
New Romania Leu	0.52
RSD	0.05

INDUSTRY BREAKDOWN¹

INDUSTRY BREAKDOWN	%
Banks	30.54
Energy	27.94
Food Beverage & Tobacco	8.23
Materials	7.24
Media	4.85
Household & Personal Products	3.90
Consumer Durables & Apparel	3.87
Capital Goods	3.36
Other	7.60
Cash/Cash Equivalent	2.48

FUND IDENTIFIERS

SHARE CLASS*	INCEPTION DATE	CUSIP	BLOOMBERG	ISIN
A(acc)USD	10/25/2005	L4058X743	TMEEAULX	LU0231793349
B(acc)USD	09/01/2006	L4058Y428	TMEEFBULX	LU0260866396
C(acc)USD	10/25/2005	L4058X750	TMEECAULX	LU0231793935
A(Ydis)EUR	10/25/2005	L4058X503	TEMEEADLX	LU0229940696
A(acc)EUR	11/10/1997	L90262277	TEMEAEILX	LU0078277505
B(Ydis)EUR	02/14/2007	L4059A668	TEMBDEULX	LU0285258348
N(acc)EUR	12/29/2000	L4058R464	TEMEABXLX	LU0122613903

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

WHAT ARE THE RISKS

Because the Fund invests primarily in securities of publicly traded companies organized under the laws of, or with their principal activities within, the countries of Eastern Europe, as well as the New Independent States ("the Region"), it may experience greater volatility than a more geographically diversified fund. International securities risks include currency fluctuations, and economic and political uncertainties. The Fund may also invest in securities issued by the governments of the above-mentioned countries and privatization certificates of companies located, or with their principal activities, within the Region. Investments in emerging market countries are subject to a higher degree of risk. 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. Investing in a concentrated, narrowly focused fund may entail greater risks than is normally associated with more widely diversified funds.

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.
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