

2020 VISION

GLOBAL

The New Core



FRANKLIN TEMPLETON
INVESTMENTS

Franklin • Templeton • Mutual Series

“See the investment world as an ocean and buy where you get the most value for your money.”

—Sir John Templeton, Templeton Funds Founder and Former Chairman

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

The World Is Changing

The next decade is sure to be a time of unprecedented change, as the pace of innovation grows and the world continues to get smaller. While change can be both exciting and intimidating, one thing is certain—change is upon us.

GLOBAL—THE NEW CORE™

The word “core” can mean many things including the most essential or most vital part of something. As people, businesses and economies around the world become more intertwined, it has become more essential to have a global perspective when it comes to investing. Adjusting the core of your investment portfolio to the new global marketplace opens a world of investment opportunities. Is your portfolio positioned to take part?

The following pages show how the world is changing and the opportunities that creates for investors. Learn more about:

1] How the World Is Changing—The Global Opportunity

See how the projected growth of the world’s middle class is driving changes in markets, consumerism and consumption of resources.

2] Our World Is More Connected than Ever

From cell phones to social media, people today can connect with anyone almost instantly. Companies are more connected as well. See how companies across the globe produce products and tap into global markets.

3] Is Your Portfolio as Global as it Should Be?

Markets around the globe are gaining momentum and offering compelling new investment opportunities. Is your portfolio global enough to benefit?

4] Global Is Core to Franklin Templeton

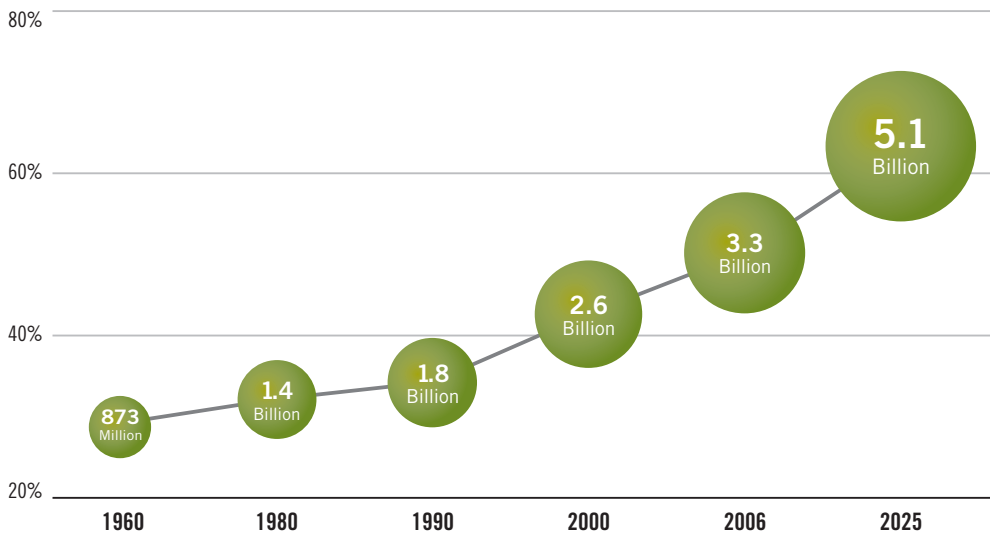
See specific reasons why Franklin Templeton is global like no other asset management company.

1] How the World Is Changing—The Global Opportunity

In the past, much of the world's population has found it challenging to meet basic needs like food, shelter and water. In 2006, for the first time ever, more than half of the world's inhabitants were considered middle class.¹ Instead of struggling to survive, the new middle class is buying clothing, washing machines, kitchen appliances and other products many of us in the Western world may take for granted.

The World's Middle Class Is Growing

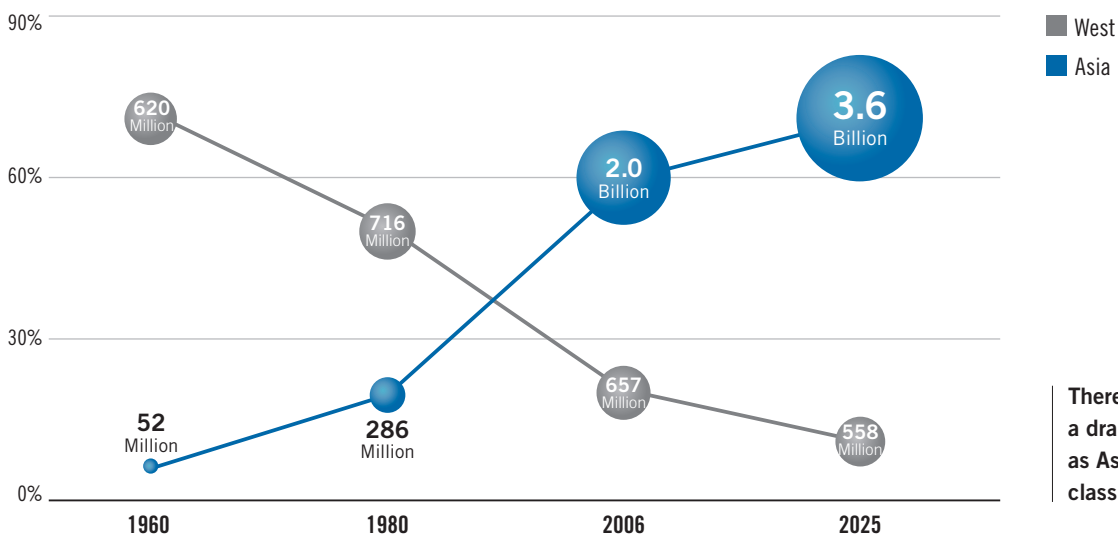
Percentage and Size of Middle Class Population in the World²



The middle class is growing at a significant rate.

The Middle Class Is Shifting East

Percentage and Size of Middle Class Population in the West and Asia²



There will be a dramatic shift as Asia's middle class grows.

1. Source: The Economist, *A Special Report on the New Middle Classes in Emerging Markets: Burgeoning Bourgeoisie*, Feb. 12, 2009.

2. Source: United Nations, World Bank, Surjit S. Bhalla, *Second Among Equals: The Middle Class Kingdoms of India and China*, May 2007, oxusinvestments.com.

A GROWING MIDDLE CLASS EQUALS OPPORTUNITIES FOR INVESTORS

The projected growth of the middle class is expected to lead to an increase in spending and consumption. Traditionally, spending by the middle class has been the highest in Western countries. However, over 80% of the projected growth in demand is expected to come from Asia alone.³

More Disposable Income Means More Spending

Projected Spending by Middle Class (in Dollars)³



DID YOU KNOW?

Asia has more consumers than Europe, North America, Latin America and Africa combined.⁴

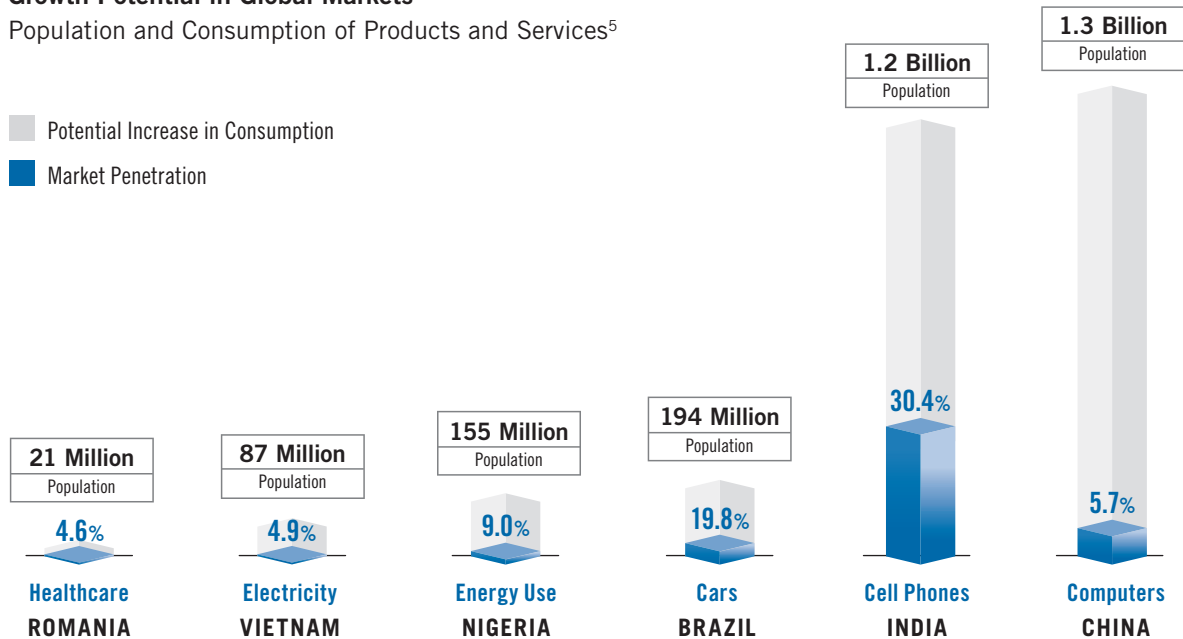
THE GLOBAL POTENTIAL

The U.S. is considered a mature consumer market. For example, 82% of Americans own a car and 89% own a cell phone.⁵ However, in other parts of the world the consumer market has more room for growth. As more people move into the middle class, it's creating a potentially significant increase in consumption of goods and services.

In the illustration below, the blue bars show market penetration of different products and services in multiple countries. The grey bars show the potential increase in consumption based on population.

Growth Potential in Global Markets

Population and Consumption of Products and Services⁵



3. Source: © 2010 OECD, *The Emerging Middle Class in Developing Countries*.

4. Source: International Labor Organization. Consumers are represented by the economically active population (labor force) of specific countries/regions as defined by the International Labor Organization.

5. Source: © 2010 World Bank (World Development Indicators) and ITU (International Telecommunications Union), as of 2009 (based on most recent data available, 2005-2009). Health expenditure (US\$), electric power consumption (kwh), and energy use (kg of oil equivalent) percentages were calculated by establishing a baseline expenditure/consumption amount of \$8,000, 15,000 kwh, and 8,000 kg, respectively, and then measuring actual consumption per capita against the baseline.

2] Our World Is More Connected than Ever

The ubiquitous smartphone is synonymous with how much people around the world are connected these days. It also represents a new speed of information from a much wider variety of sources. And the sharing of information is doing more than connecting people, it's driving demand for products and increasing the speed of commerce.

PEOPLE AROUND THE WORLD ARE LINKED⁶

650
MILLION

Cell phones
in China

93
PERCENT

of South Koreans
own a mobile phone

500
MILLION+

Facebook users (70%
are outside the U.S.)

DID YOU KNOW?

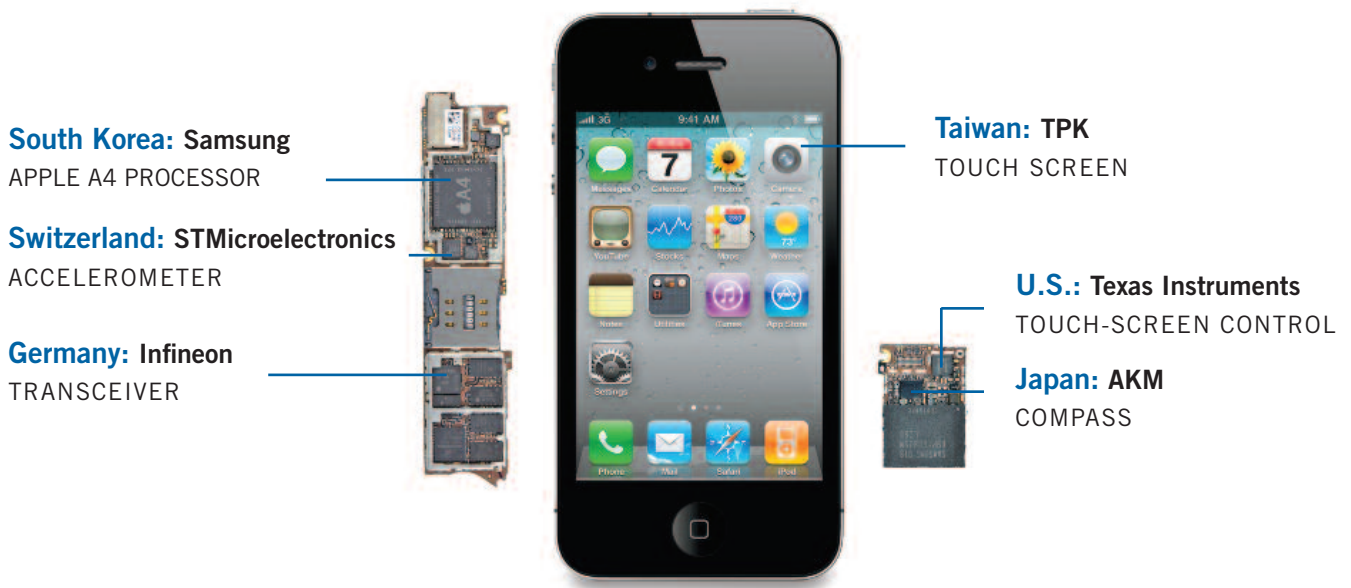
If Facebook was
a country, it would
be the third most
populous in the world.

COMPANIES AROUND THE WORLD ARE LINKED TOO

Here is an example of the sum being greater than the individual parts. The iPhone is a truly global product—engineered in the U.S. and manufactured in China with parts from around the world.⁷

The iPhone Supply Chain Is Global

Selected Countries and Companies Involved in iPhone Production



6. Sources: International Telecommunication Union, Associated Press (2009), Facebook.com.

7. Source: New York Times News Service, July 2010.

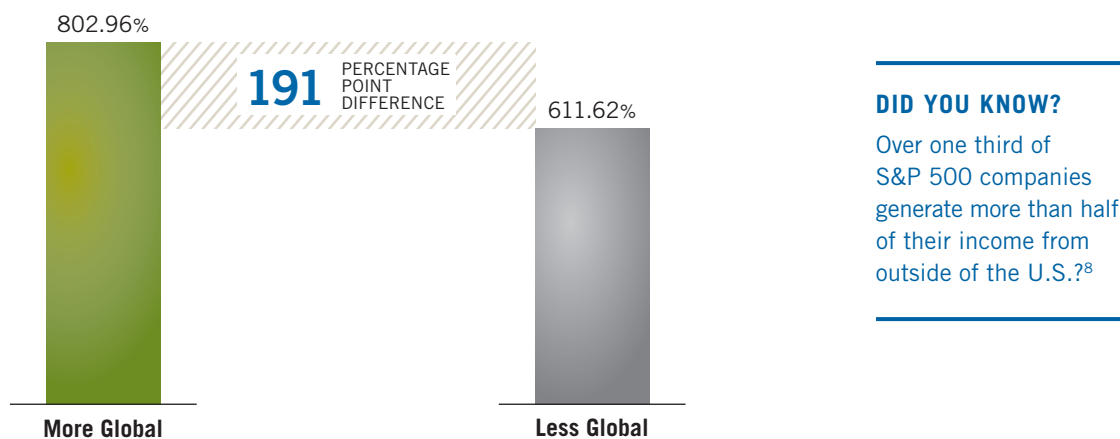
U.S. COMPANIES GO GLOBAL

With reduced trade barriers helping to facilitate the flow of goods and services, our world has become more of a global marketplace. U.S. companies with the foresight to embrace this opportunity have fared better than those companies that did not.

As you can see below, S&P 500 companies with more than 50% of their income outside the U.S. (“More Global”) outperformed companies that generated less than 50% of their income outside the U.S. (“Less Global”).

A Comparison of S&P 500 Companies’ Returns

Cumulative Total Returns (20-Year Period Ended 12/31/10)⁸



DID YOU KNOW?

Over one third of S&P 500 companies generate more than half of their income from outside of the U.S.⁹

BORN IN THE USA, ADOPTED GLOBALLY

Many companies that are traditionally thought of as “American” are already taking advantage of global opportunities. Below you’ll find some well-known S&P 500 companies that generate more than half their revenues outside the U.S.

U.S. Companies Benefit from a Global Market

Percentage of Revenue Generated Overseas⁹



8. Source: © 2011 Ned Davis Research, Inc. “More Global” represents S&P 500 companies with reported pre-tax income of more than 50% from foreign operations. “Less Global” represents S&P 500 companies with reported pre-tax income of less than 50% from foreign operations.

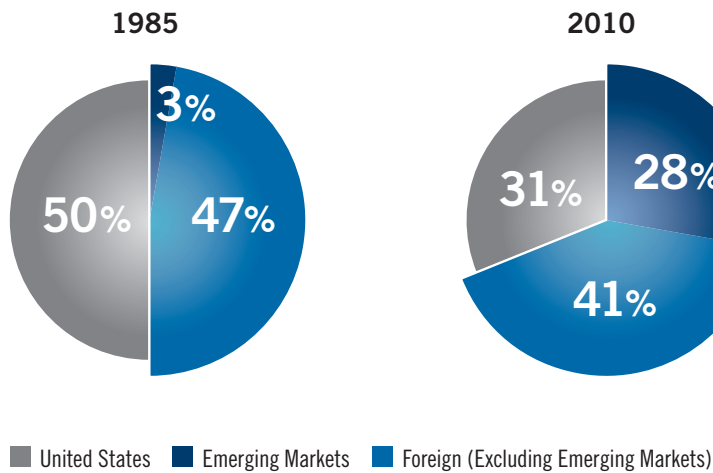
9. Source: Standard & Poor’s. Data is as of each company’s most recently released financial statement: November 30, 2010, (Nike Inc.), December 31, 2010, (Apple Inc., Avon Products Inc., Chevron Corp. and eBay Inc.) and January 31, 2011, (H.J. Heinz Co.). Logos are trademarks of their respective owners. Logos are used to identify their respective companies and should not be construed as an endorsement of, or affiliation with, Franklin Templeton Investments.

3] Is Your Portfolio as Global as it Should Be?

Statistics show that Americans have historically preferred to invest within their own borders—probably due to a higher level of familiarity with U.S. companies, products, currency and markets. However, as an investor, you want to ensure this bias doesn't prevent you from exploring other opportunities. As you can see below, today, the majority of the world's investment opportunities lie **outside** the U.S.

The World's **EQUITY** Investment Opportunities Are More Global

World Stock Market Capitalization¹⁰



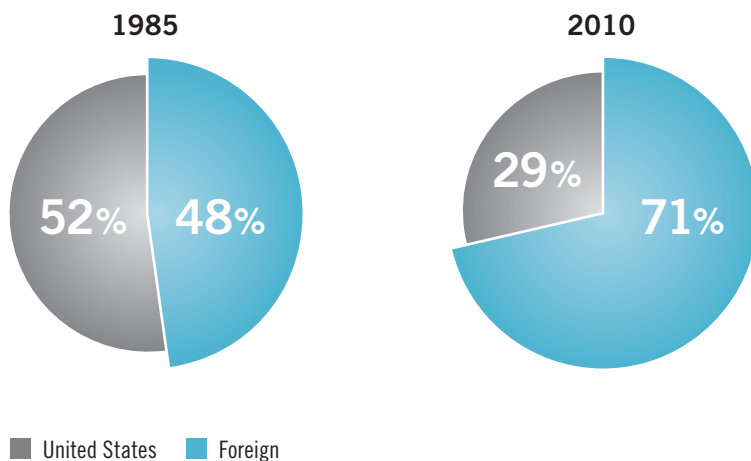
ARE INVESTORS OUT OF STEP?

Allocation to foreign equities by U.S. retail investors at the end of 2010 was only **24%**.¹¹

At the end of 2010, the U.S. represented less than a third of the world's equity investments.

The World's **FIXED INCOME** Investment Opportunities Are More Global Too

World Bond Market Capitalization¹²



At the end of 2010, the U.S. represented less than a third of the world's fixed income investments.

10. Source: Standard & Poor's, *Emerging Stock Markets Fact Book*, 1995 and *Global Stock Markets Fact Book*, 2011.

11. Source: ICI (Investment Company Institute), as of December 31, 2010.
















12. Source: © 2011 Citigroup. Citigroup Non-USD World Government Bond Index, U.S. component of Citigroup World Government Bond Index.

THAT WAS THEN. THIS IS NOW.

Achieving and maintaining the “top spot” in anything is never an easy feat, and the investing world is no different. The following tables show the three countries with the best-performing stock markets from 2006–2010, along with the U.S. market rank. Investors who limit their investments to the U.S. may miss out on attractive investment opportunities around the globe.

A Traditional World View of Market Leaders






Top Performing Stock Markets of Developed Countries¹³

Rank	2010	2009	2008	2007	2006
1	 Sweden	 Norway	 Japan	 Finland	 Spain
2	 Denmark	 Australia	 Switzerland	 Hong Kong	 Portugal
3	 Hong Kong	 Singapore	 U.S.	 Germany	 Ireland
U.S.	7	17	3	18	22

The table above features developed markets. By adding in developing markets in the table below, the “top performers” change completely. Many developing markets around the globe are experiencing strong growth as their markets mature.

A New Picture Emerges When All Markets Are Included

Top Performing Stock Markets Including Developing Countries¹⁴

Rank	2010	2009	2008	2007	2006
1	 Thailand	 Brazil	 Morocco	 Peru	 China
2	 Peru	 Indonesia	 Colombia	 Brazil	 Indonesia
3	 Chile	 Russia	 Israel	 Turkey	 Morocco
U.S.	22	38	7	42	40

13. Source: © 2011 Morningstar, Morgan Stanley Capital International World Index. The performance of countries and unmanaged indexes does not reflect expenses and may not correspond to performance of a mutual fund, which may be actively managed and incur expenses.

14. Source: © 2011 Morningstar, Morgan Stanley All Country World Index. The performance of countries and unmanaged indexes does not reflect expenses and may not correspond to performance of a mutual fund, which may be actively managed and incur expenses.

4] Global Is Core to Franklin Templeton

With over 60 years of experience evaluating global equities through both up and down markets, Franklin Templeton Investments offers investors an expert perspective on the increasingly important and complex world of global investing.

INVESTMENT OPPORTUNITIES SPAN THE GLOBE. SO DO WE.

- Over 500 investment professionals worldwide
- Clients and customers in more than 150 countries
- More than 21 million shareholder accounts around the globe
- Local asset management teams providing domestic products in 10 countries

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ARGENTINA AUSTRALIA AUSTRIA BAHAMAS BRAZIL CANADA CHINA FRANCE GERMANY HONG KONG HUNGARY INDIA ITALY
JAPAN LUXEMBOURG MALAYSIA MEXICO NETHERLANDS POLAND ROMANIA RUSSIA SINGAPORE SOUTH AFRICA SOUTH KOREA
SPAIN SWEDEN SWITZERLAND TAIWAN THAILAND TURKEY UNITED ARAB EMIRATES UNITED KINGDOM UNITED STATES VIETNAM

Gain From Our Perspective®

Franklin Templeton's distinct multi-manager structure combines the specialized expertise of three world-class investment management groups—Franklin, Templeton and Mutual Series. Each of our portfolio management groups operates autonomously, relying on its own research and staying true to the unique investment disciplines that underlie its success.

FRANKLIN®	TEMPLETON®	MUTUAL SERIES®
<p>Founded in 1947, Franklin is a recognized leader in fixed income investing and also brings expertise in growth- and value-style U.S. equity investing.</p>	<p>Founded in 1940, Templeton pioneered international investing and, in 1954, launched what has become the industry's oldest global fund. Today, Templeton offers investors the broadest global reach in the industry with offices in over 25 countries.</p>	<p>Founded in 1949, Mutual Series is dedicated to a unique style of value investing, searching aggressively for opportunity among what it believes are undervalued stocks, as well as arbitrage situations and distressed securities.</p>

Is Your Portfolio as Global as it Should Be?

The next decade is sure to be a time of considerable change as people, businesses and economies around the world become more connected. With this comes increased trade, expanding stock markets and consumption potential at unprecedented levels—each representing enormous opportunity for investors.

TALK TO YOUR FINANCIAL ADVISOR TODAY

A financial advisor can prove invaluable in helping you define your needs and narrowing the search for investments suitable to your unique financial objectives. To invest in Franklin Templeton funds, or to learn more about our products and services, please contact your financial advisor.

Franklin Templeton's Global Fund Lineup

FRANKLIN®

- Franklin Global Real Estate Fund
- Franklin India Growth Fund
- Franklin International Growth Fund
- Franklin International Small Cap Growth Fund
- Franklin World Perspectives Fund

TEMPLETON®

- Templeton Asian Growth Fund
- Templeton BRIC Fund
- Templeton China World Fund
- Templeton Developing Markets Trust
- Templeton Emerging Markets Small Cap Fund
- Templeton Foreign Fund
- Templeton Foreign Smaller Companies Fund
- Templeton Frontier Markets Fund
- Templeton Global Opportunities Trust
- Templeton Global Smaller Companies Fund
- Templeton Global Bond Fund
- Templeton Global Total Return Fund
- Templeton Growth Fund
- Templeton Income Fund
- Templeton International Bond Fund
- Templeton World Fund

MUTUAL SERIES®

- Mutual Global Discovery Fund
- Mutual European Fund
- Mutual International Fund

< GAIN FROM OUR PERSPECTIVE® >

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Investments in foreign securities involve special risks including currency fluctuations, economic instability and political developments. Investments in emerging market countries involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size, lesser liquidity and lack of established legal, political, business and social frameworks to support securities markets. Such investments could experience significant price volatility in any given year.

Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, talk to your financial advisor, call us at (800) DIAL BEN/342-5236 or visit franklintempleton.com. Please carefully read the prospectus before you invest or send money.