



FRANKLIN TEMPLETON
INVESTMENTS

Templeton Global Equity Fund

PRODUCT PROFILE

SECOND QUARTER 2010

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INVESTMENT APPROACH

Templeton's time-tested investment approach is based on our philosophy of value, patience and bottom-up stock selection. We focus on the rigorous analysis of individual stocks across geographic borders and seek to identify companies trading at significant discounts to our estimates of future earnings power, cash flow generation and/or asset value. As independent thinkers with strong conviction in our investment ideas, we take an unconstrained approach to finding value. All clients receive a "Templeton portfolio" – one that, within the context of the client's specific investment objectives and guidelines, combines the appreciation potential of our best ideas with the risk benefits of diversification.

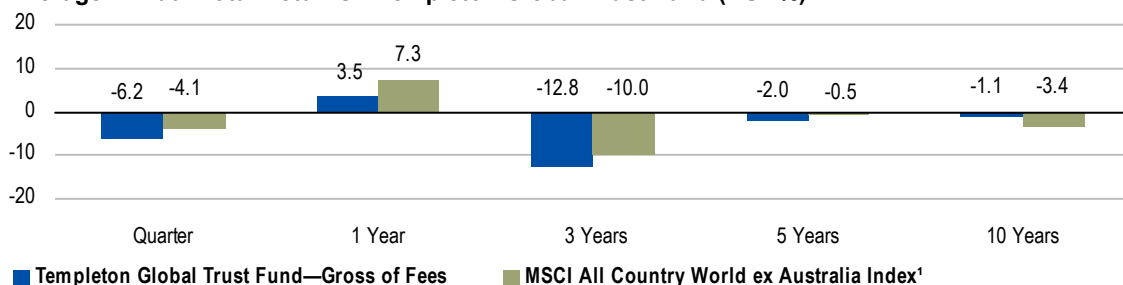
PERFORMANCE DATA* (AS OF 30/06/10)

Average Annual Total Returns—Templeton Global Equity Fund (AUD%)

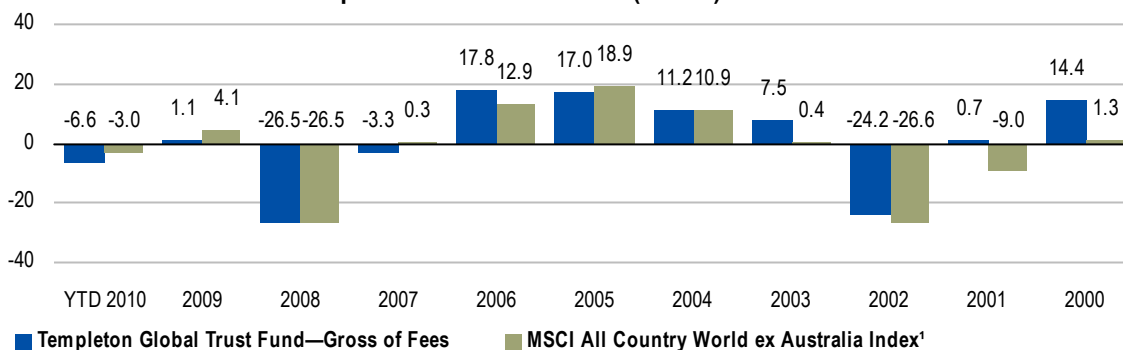
	Quarter	1 Year	3 Years	5 Years	Since Inception (10/03/05)
Templeton Global Equity Fund—Net of Fees	-6.3	2.8	-13.6	-2.9	-2.6
MSCI All Country World ex Australia Index ¹	-4.1	7.3	-10.0	-0.5	-0.2

SUPPLEMENTAL PERFORMANCE DATA* (AS OF 30/06/10)

Average Annual Total Returns—Templeton Global Trust Fund (AUD%)



Calendar Year Returns—Templeton Global Trust Fund (AUD%)



QUARTERLY MARKET REVIEW

Growing concerns about the state of sovereign finances and the sustainability of the fragile economic recovery took a toll on global equity markets during the second quarter. Stocks broadly declined as European sovereign credit downgrades incited the biggest spike in volatility since the bankruptcy of Lehman Brothers. In response to the turmoil, regional policymakers pledged €750 billion in an effort to stabilise markets and prevent government debt defaults, though the drastic intervention did little to quell investor anxiety. Virtually all equity sectors and regions ended the period with losses. Corporate fundamentals, however, remained strong, with the majority of earnings announcements around the world coming in ahead of expectations despite growing concerns about margin preservation and the sustainability of earnings momentum. Consumer and business sentiment began trending lower towards the end of the period, and heightened anxiety was clearly evident through much of May and June as many investors capitulated to an emerging consensus that the year-long equity rally may have run its course.

INVESTMENT OUTLOOK AND STRATEGY

As we enter the third quarter of 2010, we believe stock prices remain primarily influenced by macroeconomic forces rather than the longer-term valuation and earnings fundamentals of specific companies. This environment has been difficult for fundamental value investors such as Templeton. Our overweighting in Europe, for example, has detracted from relative performance in recent quarters. However, we believe that Europe has continued to offer attractive investment opportunities. While current imbalances in the global financial system represent a formidable challenge for policymakers and equity investors, corporate fundamentals have generally remained strong, excess corporate leverage has been reduced, valuations have continued to be selectively attractive and emerging markets still represent powerful global growth catalysts for companies in a number of industries in our view. Despite the recent return of volatility and anxiety, we still firmly believe that disciplined, value-oriented investors with a long-term horizon can potentially benefit from the current market environment.

*Periods of more than one year are annualised.

PORTFOLIO CHARACTERISTICS—TEMPLETON GLOBAL EQUITY FUND (AS OF 30/06/10)

	Templeton Global Trust Fund	MSCI All Country World ex Australia Index ¹
Weighted Average Market Cap (AUD Million)	66,643.5	57,485.8
Median Market Cap (AUD Million)	34,859.6	6,735.5
Number of Securities	101	2339

Price to Earnings

	Templeton Global Trust Fund	MSCI All Country World ex Australia Index ¹
Weighted Average	12.5x	15.7x
Median	13.9x	15.2x

Dividend Yield

	Templeton Global Trust Fund	MSCI All Country World ex Australia Index ¹
Weighted Average	3.3%	2.6%
Median	2.8%	1.8%

Price to Cash Flow

	Templeton Global Trust Fund	MSCI All Country World ex Australia Index ¹
Weighted Average	6.1x	8.3x
Median	7.4x	9.8x

Price to Book Value

	Templeton Global Trust Fund	MSCI All Country World ex Australia Index ¹
Weighted Average	1.4x	1.7x
Median	1.4x	1.7x

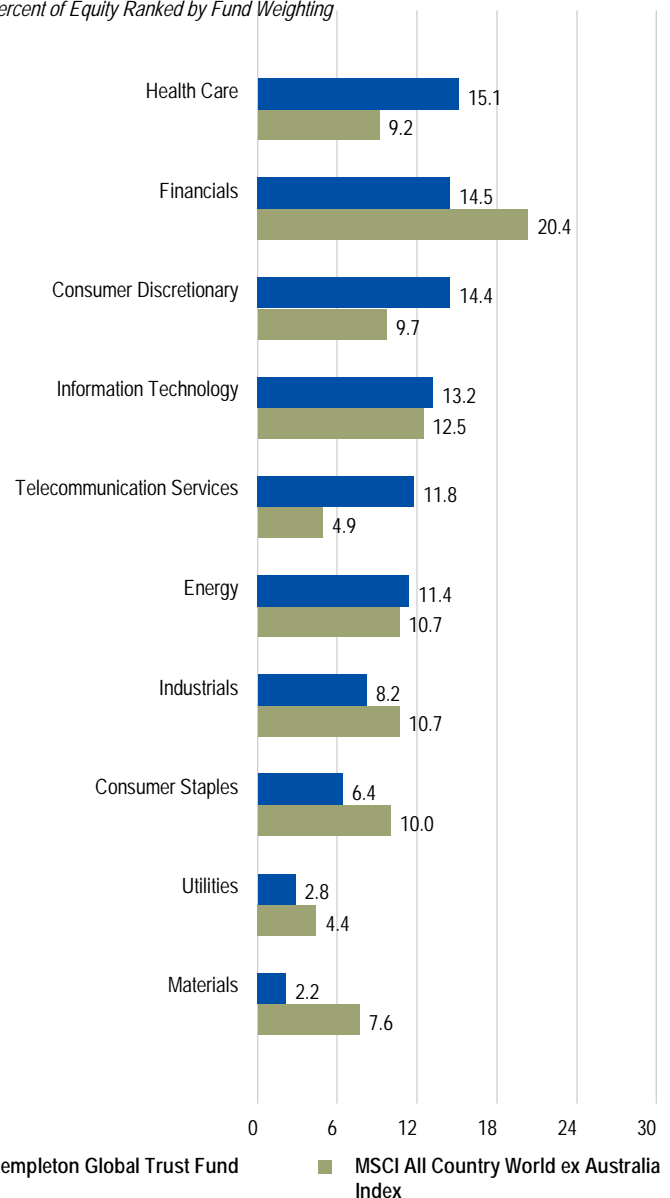
PORTFOLIO DIVERSIFICATION—TEMPLETON GLOBAL TRUST FUND (AS OF 30/06/10)

Top Ten Holdings²

Security	Country	Industry Group
TELEFONICA SA	Spain	Telecommunication Services
SANOFI-AVENTIS	France	Pharmaceuticals, Biotechnology & Life Sciences
AMGEN INC	United States	Pharmaceuticals, Biotechnology & Life Sciences
MICROSOFT CORP	United States	Software & Services
VODAFONE GROUP PLC	United Kingdom	Telecommunication Services
CHINA TELECOM CORP LTD	China	Telecommunication Services
PFIZER INC	United States	Pharmaceuticals, Biotechnology & Life Sciences
FRANCE TELECOM SA	France	Telecommunication Services
TIME WARNER CABLE INC	United States	Media
SIEMENS AG	Germany	Capital Goods

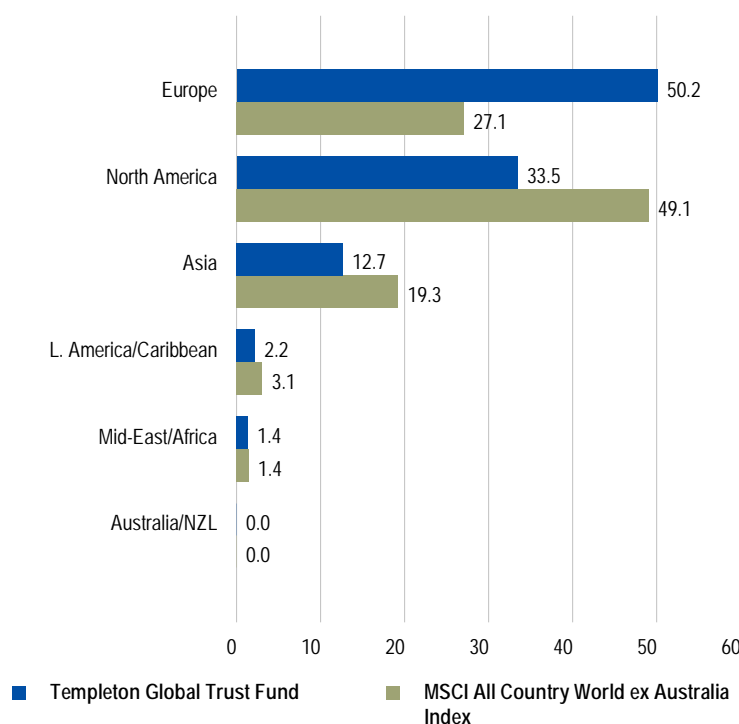
Portfolio Sector Weighting vs. MSCI All Country World ex Australia Index (%)¹

Percent of Equity Ranked by Fund Weighting



Portfolio Regional Weighting vs. MSCI All Country World ex Australia Index (%)¹

Percent of Equity Ranked by Fund Weighting



Note: Templeton's investment approach is driven by bottom-up stock selection, with all sector and country weightings a residual of the stock selection process.

LONG-TERM PERFORMANCE ANALYSIS—TEMPLETON GLOBAL TRUST FUND (AS OF 30/06/10)

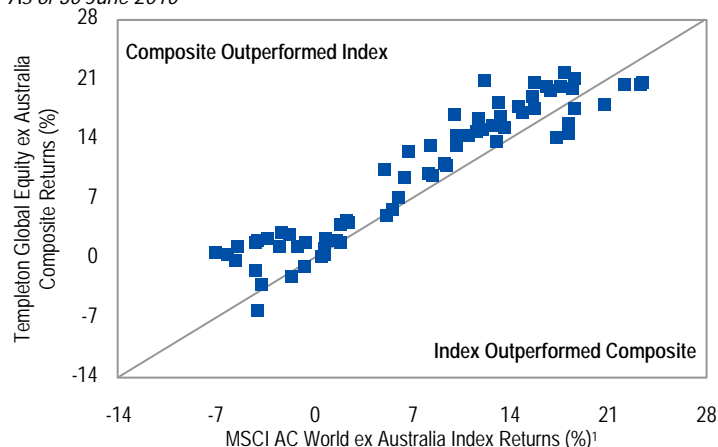
Supplemental Performance Statistics

	10 Years*	5 Years*	3 Years*
Supplemental Information—Annualised Performance (AUD)			
Templeton Global Trust Fund—Gross of fees	-1.1	-2.0	-12.8
MSCI All Country World ex Australia Index ¹	-3.4	-0.5	-10.0
Standard Deviation			
Templeton Global Trust Fund	13.26	13.34	14.88
MSCI All Country World ex Australia Index ¹	12.61	12.74	14.19
Tracking Error			
vs. MSCI All Country World ex Australia Index ¹	4.40	3.20	3.40
Information Ratio			
vs. MSCI All Country World ex Australia Index ¹	0.51	-0.49	-0.86
Alpha			
vs. MSCI All Country World ex Australia Index ¹	2.32	-1.43	-2.84
Beta			
vs. MSCI All Country World ex Australia Index ¹	0.99	1.02	1.02
Sharpe Ratio			
	-0.46	-0.52	-1.19

All risk statistics are calculated in the base currency of the fund (AUD), and use risk-free rates and benchmark returns that are also in the base currency of the fund, so that currency risk is not included in the calculation.

Strong Historical Performance

Quarterly Rolling Five-Year Gross Returns in AUD Since Inception (30/06/88)
As of 30 June 2010



- Templeton's Global Equity ex Australia Composite has strong historical performance vs. the MSCI AC World ex Australia.

Results for other time periods may vary. Past performance does not guarantee future results and results may differ over future time periods.

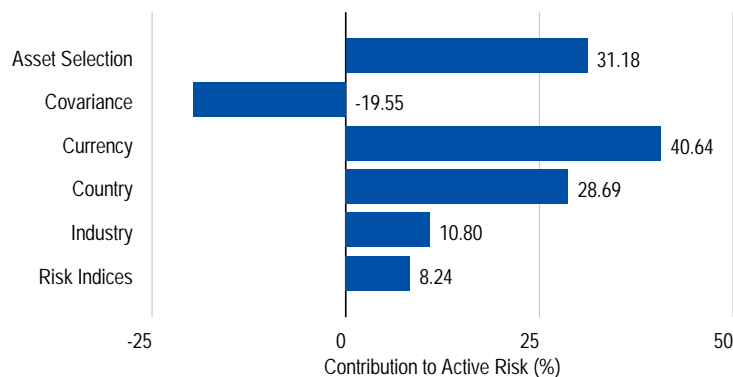
PERFORMANCE ATTRIBUTION

- An underweight to materials--specifically, metals and mining stocks--was the largest contributor to relative performance for the quarter. The sector lagged as commodity prices slackened during the quarter on fears of a double-dip recession in the developed world and stimulus withdrawal in the developing world.
- Despite growing risk aversion and the market's move towards defensives, our overweight holdings in the cyclical consumer discretionary sector were major contributors to relative and absolute returns for the quarter.
- An underweight to financials also helped quarterly performance. Heightened regulatory scrutiny, ongoing loan impairments and looming bailout repayments have eroded earnings and the return on shareholders' capital, and we believe they may ultimately undermine the business models employed so profitably in the last cycle.
- Stock selection in energy was the largest detractor from relative performance. Our underweight to consumer staples also detracted, as did stock selection in health care.
- Geographically, stock selection in Asia, particularly South Korea, was the largest detractor. Our overweight to Europe also detracted.

BARRA RISK ANALYSIS—TEMPLETON GLOBAL EQUITY FUND VS MSCI ALL COUNTRY WORLD EX AUSTRALIA INDEX¹ (AS OF 30/06/10)**

	Standard Deviation
Total Active Risk (Predictive Tracking Error)	3.49
Active Specific Risk	1.95
World Equity Risk	0.00
Active Common Factor Risks	
Risk Index	1.00
Industries	1.15
Countries	1.87
Currencies	2.22
Total Portfolio Risk	17.78
Benchmark Risk	17.15

Active Risk Profile***



Barra Active Risk Index Exposure†			
Size	0.13	Size Non-Linearity	-0.11
Momentum	-0.12	Growth	0.00
Value	0.33	Financial Leverage	0.02
Volatility	-0.03	Liquidity	-0.03

*Periods of more than one year are annualised.

**Barra Inc.'s analytics and data (www.barra.com) were used in the preparation of this report. Copyright 2010 BARRA, INC. All Rights Reserved. The model used in this Barra Risk Analysis section changed as of 31 March 2009 due to the creation of the new Barra model - the GEM2. The current model takes country and industry factors on an equal basis whereas the prior model primarily focused on the country as the determining factor of an asset's risk.

***Covariance reflects the magnitude of co-movement of the fund's portfolio and benchmark's common factors (Country, Currency, Industry, and Risk Index exposures). The World Equity risk factor is the regression intercept of Barra's global equity risk model - GEM2 that is designed to reflect a global view of risk.

†In Standard Deviation Units.

INVESTMENT PHILOSOPHY AND PROCESS

Templeton’s Investment Philosophy

Templeton’s investment philosophy is built upon a disciplined, yet flexible, long-term approach to value-oriented global and international investing. This time-tested approach is based on three tenets:

Value

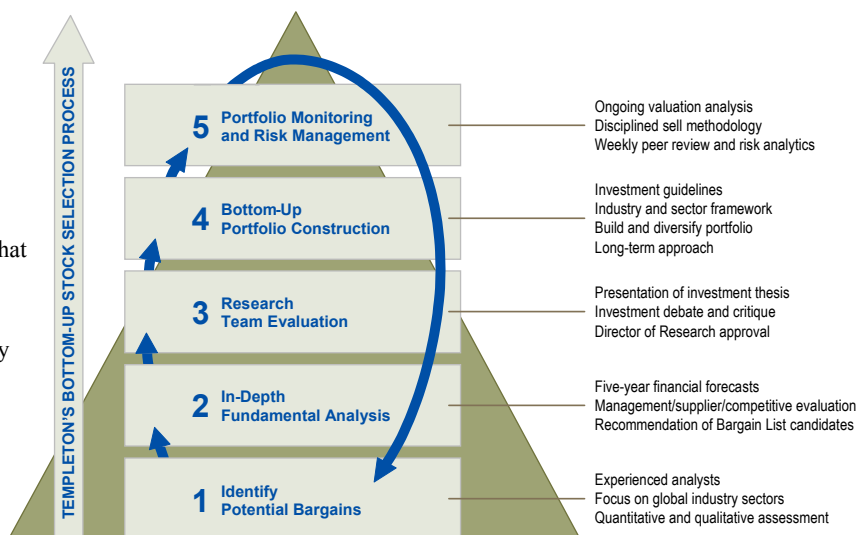
We seek companies that we believe are trading at a discount to what our research indicates the company may be worth.

Patience

Security prices can fluctuate more widely than underlying security values. In our opinion, market efficiencies should recognise and correct these security prices over time.

Bottom-Up

We identify value through rigorous fundamental analysis of a company’s business to determine what we consider its economic worth based on projected future earnings, cash flow or asset value potential.



INVESTMENT AND PRODUCT MANAGEMENT TEAM

TEMPLETON GLOBAL EQUITY MANAGEMENT TEAM	Years with Firm	Years Experience
Gary Motyl, CFA, Chief Investment Officer	29	36
Norman Boersma, CFA, Director of Research	18	24
Cindy Sweeting, CFA, Director of Portfolio Management	13	26
Peter Wilmshurst, CFA, Portfolio Manager/Research Analyst	12	17
TEMPLETON GLOBAL EQUITY TEAM	Number of Members	Average Years Experience
Portfolio Managers/Analysts	27	20
Research Analysts	10	9
ADDITIONAL RESOURCES		
Global Research Library	Junior Research Analysts	Global Trading Platform
Research Technology Group	Portfolio Analysis and Investment Risk Group	Global Portfolio Compliance Group
PORTFOLIO SPECIALISTS	Years with Firm	Years Experience
William Libby, CFA	2	15
Stephen Porter, CFA	6	16

COMPLIANCE STATEMENT AND OTHER INFORMATION

Past performance does not guarantee future results and results may differ over future time periods.

Basis for Performance for the Templeton Global Equity Fund (ARSN 104 669 427): From 1 April 2009, monthly returns are calculated using a “price to price” return methodology. Prior to 1 April 2009, monthly returns were calculated using a time-weighted return methodology. Please refer to the www.franklintempleton.com.au website for an explanation of the two methodologies.

Benchmark: The MSCI AC World ex Australia Index is the primary benchmark. The benchmark is used for comparative purposes only and is provided to represent the investment environment existing during the time periods shown. The index is unmanaged and one cannot invest directly in an index.

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Explanatory Notes:

- Source: Morgan Stanley Capital International (MSCI). All MSCI data is provided “as is.” The Fund described herein is not sponsored or endorsed by MSCI. In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data or the Fund described herein. Copying or redistributing the MSCI data is strictly prohibited.
- Top ten holdings represent the 10 largest equity holdings at the end of the quarter, and may not reflect the current or future portfolio holdings. This does not represent all of the securities purchased, sold, or recommended for advisory clients, and the reader should not assume that investments in the securities listed was or will be profitable. Holdings of the same issuer have been combined.

Disclaimer:

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