

Key Investor Information



This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

Franklin Mutual European Fund

Class I(acc)EUR¹ • ISIN LU0195950059

A sub-fund of Franklin Templeton Investment Funds

Objectives and Investment Policy

Franklin Mutual European Fund (the “Fund”) aims to increase the value of its investments and, secondarily, to earn income over the medium to long term.

The Fund invests mainly in:

- equity securities issued by companies of any size located in European countries

The Fund can invest to a lesser extent in:

- equity securities issued by companies involved in mergers, consolidations, liquidations or other major corporate transactions
- debt securities of companies involved in reorganization or financial restructuring
- securities of non-European issuers (up to 10% of assets)
- derivatives for hedging and investment purposes

In exceptional market circumstances, the Fund may temporary hold a greater amount of cash in times where the manager believes that the markets are experiencing excessive volatility, a prolonged general decline or other adverse conditions.

Although the Fund generally invests in at least five countries, it may invest in as few as one or two. The Fund currently intends to invest principally in securities of issuers in western Europe. The investment team uses in-depth, fundamental research and analysis to find and purchase those equity and debt securities that are believed to be trading at a discount.

You may request the sale of your shares on any Luxembourg business day.

For accumulation share class shown in this document, dividend income is reinvested in the Fund.

For further information on the Objectives and Investment Policy of the Fund, please refer to the section “Fund Information, Objectives and Investment Policies” of the current prospectus of Franklin Templeton Investment Funds.

Terms to Understand

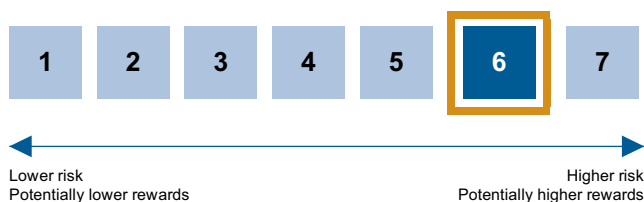
Debt securities: Securities representing the issuer's obligation to repay a loan at a specified date and to pay interest.

Derivatives: Financial instruments whose characteristics and value depend on the performance of one or more underlying assets, typically securities, indexes, currencies or interest rates.

Equity securities: Securities that represent an ownership stake in a company.

Hedging: A strategy for totally or partially offsetting particular risks such as those arising from fluctuations in share prices, currencies or interest rates.

Risk and Reward Profile



What does this indicator mean and what are its limits?

This indicator is designed to provide you with a measure of the price movement of this share class based on historical behavior.

It may not be a reliable indication of the future risk profile of the Fund. The category shown is not guaranteed to remain unchanged and may shift over time.

The lowest category does not mean risk free.

Why is the Fund in this specific category?

The Fund invests mainly in equity and equity-related securities of companies located in or doing significant business in European countries. Such securities

have historically been subject to significant price movements that may occur suddenly due to market or company-specific factors. As a result, the performance of the Fund can fluctuate significantly over relatively short time periods.

Risks materially relevant not adequately captured by the indicator:

Currency Risk: the risk of loss arising from exchange-rate fluctuations or due to exchange control regulations.

Derivatives risk: the risk of loss in an instrument where a small change in the value of the underlying investment may have a larger impact on the value of such instrument. Derivatives may involve additional liquidity, credit and counterparty risks.

Liquidity risk: the risk that arises when adverse market conditions affect the ability to sell assets when necessary. Reduced liquidity may have a negative impact on the price of the assets.

For a full discussion of all the risks applicable to this Fund, please refer to the “Risk Considerations” section of the current prospectus of Franklin Templeton Investment Funds.

¹This specific share class is only available to institutional investors.

Charges

The charges you pay are used to pay the costs of running the Fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

One-off charges taken before or after you invest

Entry charge	Not applicable
Exit charge	Not applicable

This is the maximum that might be taken out of your money before it is invested.

Charges taken from the Fund over a year

Ongoing charges	0,97%
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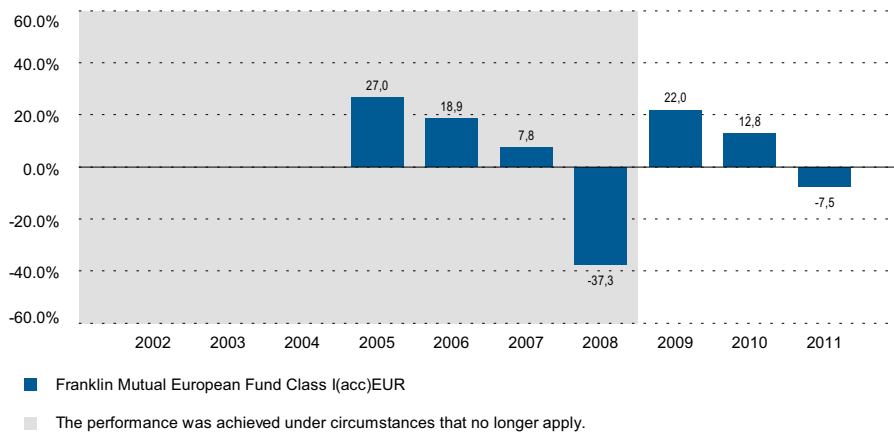
Charges taken from the Fund under certain specific conditions

Performance fee	Not applicable
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The ongoing charges are based on the expenses for the year ending December 31, 2011. This figure may vary from year to year.

For detailed information about charges, please refer to the section "Share Classes" as well as Appendix E of the current prospectus of Franklin Templeton Investment Funds.

Past Performance



- Past performance is not a guide to future performance.
- The past performance shown here includes all the ongoing charges.
- Past performance is calculated in the currency of the present share class.
- The Fund was launched in 2000 and the present share class in 2004.

Practical Information

- The Custodian of Franklin Templeton Investment Funds is J.P. Morgan Bank Luxembourg S.A.
- Copies of the latest prospectus and the latest annual and semi-annual reports of Franklin Templeton Investment Funds are available in the language of this document, on the website www.ftidocuments.com or may be obtained free of charge from Franklin Templeton International Services S.A., 26, boulevard Royal, L-2449 Luxembourg or your financial adviser.
- The latest prices and other information on the Fund (including other share classes of the Fund) are available from Franklin Templeton International Services S.A., 26, boulevard Royal, L-2449 Luxembourg or www.franklintempleton.lu.
- Please note that the taxation regime applicable in the Grand Duchy of Luxembourg may have an impact on your personal tax position. Please consult your financial or tax adviser before deciding to invest.
- Franklin Templeton Investment Funds may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus of the Fund.
- The present Fund is a sub-fund of Franklin Templeton Investment Funds. The prospectus and the financial reports refer to all sub-funds of Franklin Templeton Investment Funds. All sub-funds of Franklin Templeton Investment Funds have segregated assets and liabilities. As a result, each sub-fund is operated independently from each other.
- You may switch into shares of another sub-fund of Franklin Templeton Investment Funds as further described in the prospectus.