

JULY 28, 2010

## Hasenstab Conference Call

**Michael Hasenstab, Ph.D.**

Senior Vice President  
Portfolio Manager  
Co-Director, International Bond Department  
Franklin Templeton Fixed Income Group

**Elsa Goldberg**

Vice President  
Senior Product Manager  
Franklin Templeton Distributors, Inc.

Data as of June 30, 2010



FRANKLIN TEMPLETON  
INSTITUTIONAL

## Table of Contents

---

Firm and Investment Platform Overview	Tab 1
Why Franklin Templeton Global Bond Plus?	Tab 2
Investment Philosophy, Strategy, Teams and Process	Tab 3
Portfolio Characteristics and Performance	Tab 4
Appendix	Tab 5

---

This presentation is intended only as a general overview of the Franklin Templeton Global Bond Plus and Franklin Templeton Global Multisector Plus strategies and is for informational purposes and should not be construed or relied upon as investment advice. It has been provided to the recipient for use in a private and confidential meeting to discuss a potential or existing investment advisory relationship and may not be reproduced or used for any other purpose. This presentation is intended solely for investors and investment consultants interested in the institutional products and services available through Franklin Templeton Institutional and its affiliates. Various account minimums or other eligibility qualifications apply depending on the investment strategy or vehicle.

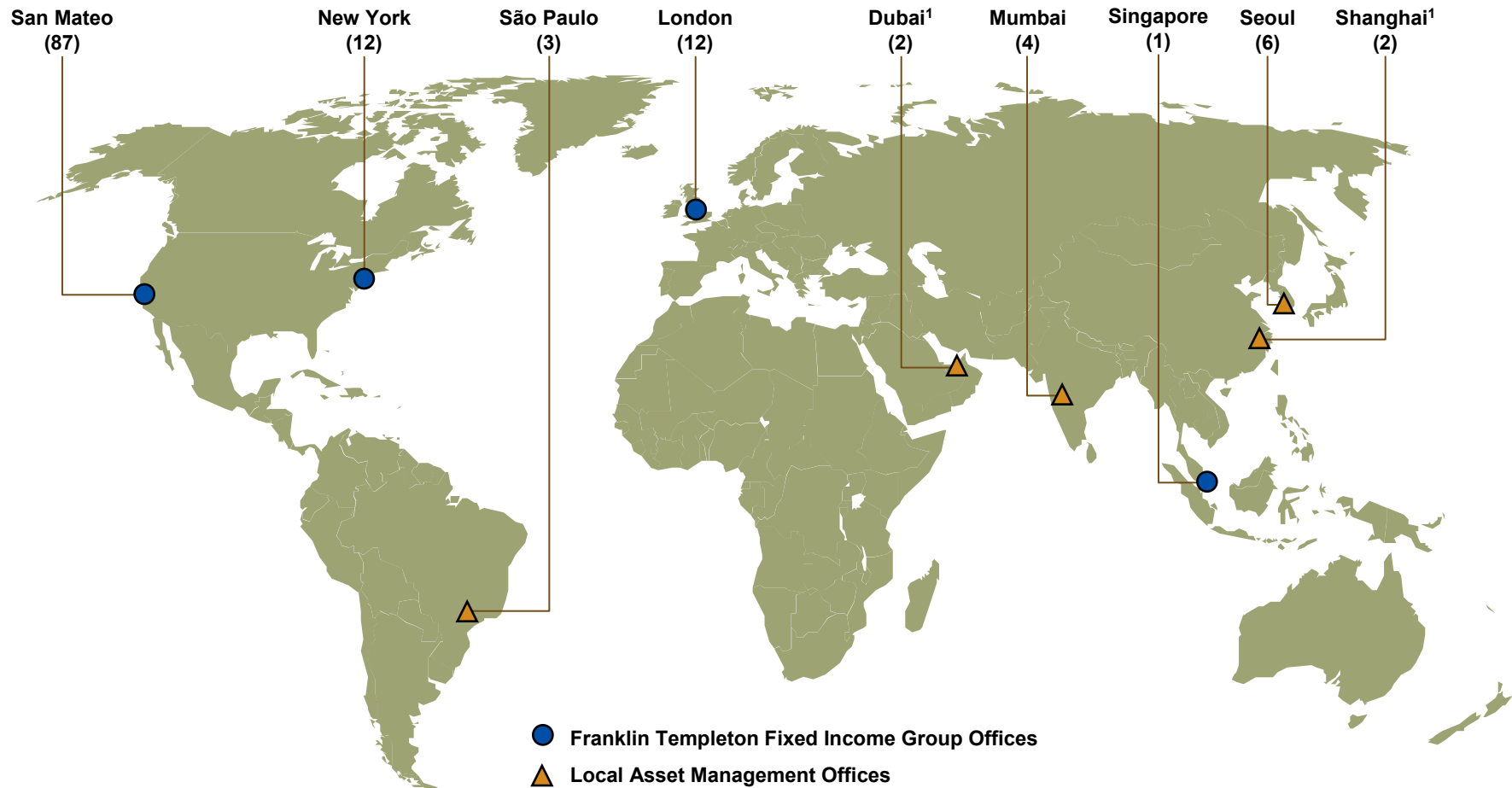
## Firm Overview

Franklin Templeton offers a full range of institutional investment capabilities from six distinct investment management platforms.

FRANKLIN TEMPLETON INVESTMENTS						
Total Combined Assets Under Management (AUM): US\$570.5 Billion <sup>1</sup>						
	Franklin Equity Group	Templeton	Mutual Series	Franklin Templeton Fixed Income Group <sup>®</sup>	Franklin Templeton Real Estate Advisors	Darby
<b>Established</b>	1947 <sup>2</sup>	1940	1949	1971 <sup>3</sup>	1984 <sup>4</sup>	1994
<b>Focus</b>	Global, International, & U.S. Equity	Global, International, & Emerging Markets Equity	Global & U.S. Equity; Distressed Debt	Global & Regional Fixed Income	Global Real Estate	Emerging Markets Private Equity & Mezzanine Finance
<b>Style</b>	<b>Growth, Value, Core/Hybrid</b>	<b>Core Value</b>	<b>Deep Value</b>	<b>Single Sector, Multi-Sector</b>	<b>Multi-Sector, Multi-Region</b>	<b>Multi-Sector</b>
<b>AUM<sup>1</sup></b>	US\$100.0 Billion	US\$128.8 Billion	US\$56.4 Billion	US\$234.4 Billion	US\$3.5 Billion	US\$1.7 Billion
Institutional AUM: US\$149.3 Billion <sup>1</sup>						
Single Business Development, Relationship Management, and Consultant Relations Platform						

1. Source: Franklin Templeton Investments, as of 6.30.10. Assets under management (AUM) combine the institutional and non-institutional AUM of U.S. and non-U.S. investment management subsidiaries of the parent company, Franklin Resources, Inc. [NYSE: BEN], a global investment organization operating as Franklin Templeton Investments. Institutional AUM is the combined institutional assets of Franklin Templeton Institutional, LLC, and its affiliates. Figures for the assets under management above may not correspond precisely to the assets under management for the units of Franklin Templeton Investments as defined for purposes of the Global Investment Performance Standards (GIPS<sup>®</sup>). For GIPS<sup>®</sup> purposes, Franklin Equity Group and Franklin Templeton Fixed Income are both units of the firm Franklin. Numbers may not equal 100% due to rounding. Please note that the table above does not include Bissett Asset Management or Bissett's SMA business (combined AUM of US\$11.4 billion as of 6.30.10), or Fiduciary Trust Company International (AUM of US\$19.2 billion as of 6.30.10). The firms are wholly owned subsidiaries of Franklin Templeton Investments and offer solutions to Canadian (Bissett) and high net-worth (Fiduciary) investors.
2. Franklin Equity Group, a unit of Franklin, combines the expertise of the Franklin Advisers, Inc., Franklin Advisory Services LLC, and Fiduciary Global Advisors (formerly Fiduciary Trust Company International) equity teams (with origins dating back to 1947, 1987, and 1931, respectively).
3. Franklin Templeton Fixed Income, a unit of Franklin, combines the expertise of the Franklin Advisers, Inc., and Fiduciary Trust Company International fixed income teams (originating in 1971 and 1973, respectively).
4. Franklin Templeton Real Estate Advisors originated in 1984 as the global real estate team of Fiduciary Trust Company International.

## Franklin Templeton Fixed Income Group—Global Investment Professional Presence



The Franklin Templeton Fixed Income Group consists of more than 100 investment professionals providing comprehensive coverage of potential alpha opportunities across sectors and around the world.

1. Includes individuals that are not employees of Franklin Resources, Inc. (FRI) or wholly owned subsidiaries of FRI. However, these individuals are part of our joint venture or strategic partnership relationships worldwide and are an integral component of our overall fixed income research efforts.

Professionals include portfolio managers, analysts and traders.

As of 6.30.10.

## Representative Client List<sup>1</sup>

### Foundations and Endowments

Albert Einstein Medical Center  
 Baptist Community Ministries  
 Buena Vista University  
 Catholic Health Initiatives  
 Community of Christ  
 Dallas Museum of Art  
 George School  
 Girl Scouts of the USA  
 Hendrix College  
 Indiana University Foundation  
 Jewish Community Foundation  
 of Metrowest  
 The Ford Foundation  
 United States Golf Association  
 University of Florida Foundation  
 University of Toledo  
 Washington University  
 Western Michigan University

### Public Funds

California State Teachers' Retirement  
 System (CalSTRS)  
 City of Fort Lauderdale  
 City of Stamford  
 City of St. Petersburg  
 Commonwealth of Pennsylvania SERS  
 Denver Employees Retirement System  
 Fresno County Employees'  
 Retirement System  
 General Retirement System for  
 Employees of Jefferson County  
 Illinois State Board of Investment  
 Imperial County Employees'  
 Retirement System  
 Kansas Public Employee Retirement System  
 Leominster (MA) Contributory  
 Retirement System  
 Los Angeles City Employees'  
 Retirement System  
 Maryland State Retirement Agency  
 New Hampshire Retirement System  
 New Mexico Public Employees  
 Retirement System  
 New York State Common Retirement Fund  
 Pensacola (FL) General Pension and  
 Retirement Fund  
 Sioux Falls Employee Retirement System  
 Sonoma County Employees'  
 Retirement System  
 State Board Administration of Florida  
 Teachers' Retirement System of the  
 State of Illinois  
 The City of Jacksonville General  
 Employees' Pension Plan

### Corporate

American Airlines  
 American Electric Power  
 Army & Air Force Exchange Service  
 Carpenter Technology Corporation  
 Cooperative Banks  
 Curtiss-Wright Corporation  
 Del Monte Corporation  
 Deluxe Corporation  
 GlaxoSmithKline  
 Hackensack University Medical Center  
 Kinder Morgan, Inc.  
 Kyocera International, Inc. Pension  
 Minnesota Life  
 Newell Rubbermaid, Inc.  
 OfficeMax, Inc.  
 ProHealth Care, Inc.  
 ProMedica Health System, Inc.  
 Providence Health System  
 Rio Tinto Alcan  
 Saint-Gobain Corporation  
 Sequa Corporation  
 SSM Health Care System  
 The Linde Group  
 The Woodlawn Cemetery  
 Universal Corporation  
 Wellmark

### Taft-Hartley

Alaska Plumbing & Pipefitting  
 Heating, Piping and Refrigeration  
 Pension Fund (Steamfitters  
 Local #602)  
 HRSA-ILA Pension Plan  
 Local 152 Pension  
 Local 338 Pension  
 Southern California United Food  
 & Commercial Workers  
 Washington Meat Industry

### Sub-Advised

American Beacon Funds  
 Lincoln Life  
 Northwestern Mutual Life Insurance  
 Sierra Investment Partners, Inc.

1. Clients on this list are those of Franklin Templeton affiliated investment advisors and have been selected to represent the broad range of our institutional clients. They do not represent clients in a particular fund or with a particular mandate. They have not been selected based on portfolio performance. Inclusion on this list does not constitute an endorsement by any of these clients of the investment services provided by Franklin Templeton.

## Franklin Templeton Fixed Income Group Products Overview

As of June 30, 2010

	Strategy	Asset Size (USD Billions) <sup>1</sup>	Benchmark	Average Quality	Excess Return Targets (Gross of Fees) <sup>2</sup>
<b>Multi-Sector Strategies</b>	Global Aggregate	US\$13.9	Barclays Capital Global Aggregate Index	AA	150–200 bps
	U.S. Core Plus <sup>3</sup>	US\$11.6	Barclays Capital U.S. Aggregate Index	AA	100–150 bps
	U.S. Long Duration Government/Credit <sup>3</sup>	US\$0.2	Barclays Capital U.S. Government/Credit - Long Index	AA	75–125 bps
	U.S. Low & Intermediate Duration Strategies <sup>3</sup>	US\$1.8	BofA Merrill Lynch U.S. Corporate & Government 1–3 Years Index and Barclays Capital U.S. Intermediate Index	AAA–AA	75–150 bps
	Euro Aggregate	US\$0.9	Barclays Capital Euro Aggregate (EUR) Index	AA	100–150 bps
	Asian Bond	US\$2.3	HSBC Asian Local Bond Index	A	200–400 bps
	Global Multisector Plus	US\$11.2	Barclays Capital Multiverse Index	A–BBB	400–700 bps
<b>Single-Sector Strategies</b>	U.S. TIPS	US\$0.6	Barclays Capital U.S. TIPS Index	AAA	25–100 bps
	Global Credit	US\$0.3	Citigroup World BIG Corp Index	A	75–125 bps
	Mortgages	US\$19.4	Barclays Capital U.S. MBS Index	AAA	50–100 bps
	Municipals <sup>4</sup>	US\$70.3	Barclays Capital Municipal Index	AA	50–100 bps
	Global Bond Plus	US\$69.0	JP Morgan Global Government Bond Index	AA–A	300–600 bps
<b>Single-Sector, Non-Investment Grade Strategies</b>	Global High Yield	US\$0.3	Barclays Capital Global High Yield Excl CMBS & EMG 2% Cap Index	BB–B	100–200 bps
	U.S. High Yield	US\$6.6	JP Morgan Global High Yield Index	BB–B	100–200 bps
	European High Yield	US\$0.5	BofA Merrill Lynch Euro HY Constrained Index	BB–B	100–200 bps
	Bank Loans	US\$3.3	CS Leveraged Loan Index	BB–B	50–100 bps
	Emerging Market Debt Opportunities	US\$6.7	JP Morgan EMBI Global Diversified Index	BB	300–500 bps
<b>Alternative Strategies</b>	Global Absolute Return	US\$0.3	LIBOR 90-Day Index	A	150–300 bps

**Objective: Consistent Outperformance across All Strategies**

1. Asset size includes all accounts within the given mandate including pooled investment vehicles, separate accounts and other vehicles, as well as some accounts that may not be eligible for inclusion in composites as defined.
2. The excess return targets represent the goals of the constituent composites against their designated benchmarks. Target returns are gross of fees and do not take into account investment management fees or other expenses an investor would incur in the management of an account, which would reduce returns that would be realized by investors. **There is no assurance that employment of any of the above strategies will result in the intended targets being achieved.**
3. U.S. Core Plus, U.S. Low & Intermediate Duration and U.S. Long Duration Government/Credit strategies include multiple composites.
4. Tax-free municipal products are all mutual funds that are deemed to be single account composites due to the specific nature of each municipal product.

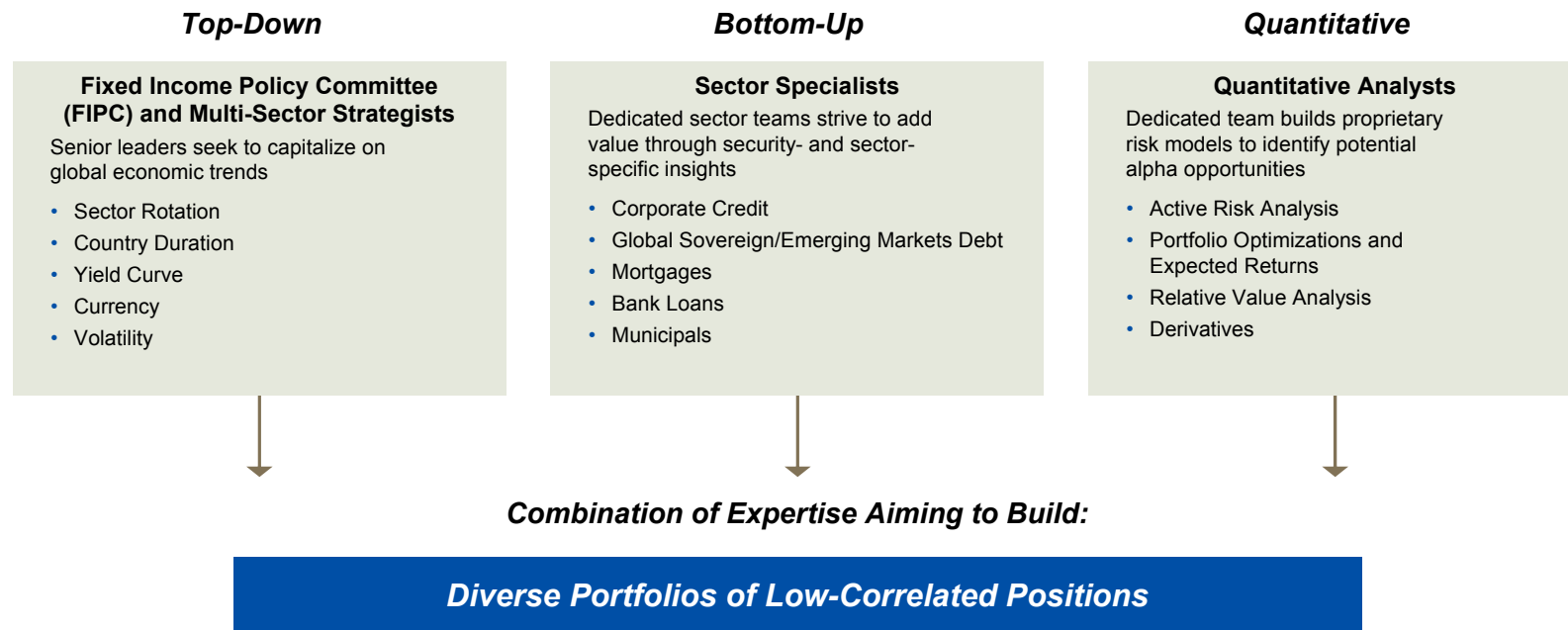
## Franklin Templeton Fixed Income Group Overview

### Broad Capabilities and Deep Resources in One Platform

- Global platform with more than 30 years of investment experience
- Pursuit of diversified sources of potential alpha across securities, sectors and global markets

### Multiple Sources of Expertise

- More than 100 investment professionals globally seek return opportunities across sectors around the world<sup>1</sup>



1. Professionals include portfolio managers, analysts and traders.

## Franklin Templeton Fixed Income Group Organizational Structure



### Additional Resources

**QUANTITATIVE:** David Yuen, CFA, FRM, 7 Professionals

Over 100 Dedicated Fixed Income Investment Professionals  
45 CFA Charterholders, 11 Ph.D.s, 39 M.B.A.s

1. This unit is an affiliate of Franklin Resources, Inc., and is not part of, but does share research with, Franklin Templeton Fixed Income Group, a unit of Franklin.

2. Includes individuals that are not employees of Franklin Resources, Inc. (FRI) or wholly owned subsidiaries of FRI. However, these individuals are part of our joint venture or strategic partnership relationships worldwide and are an integral component of our overall fixed income research efforts.

Professionals include portfolio managers, analysts and traders.

CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

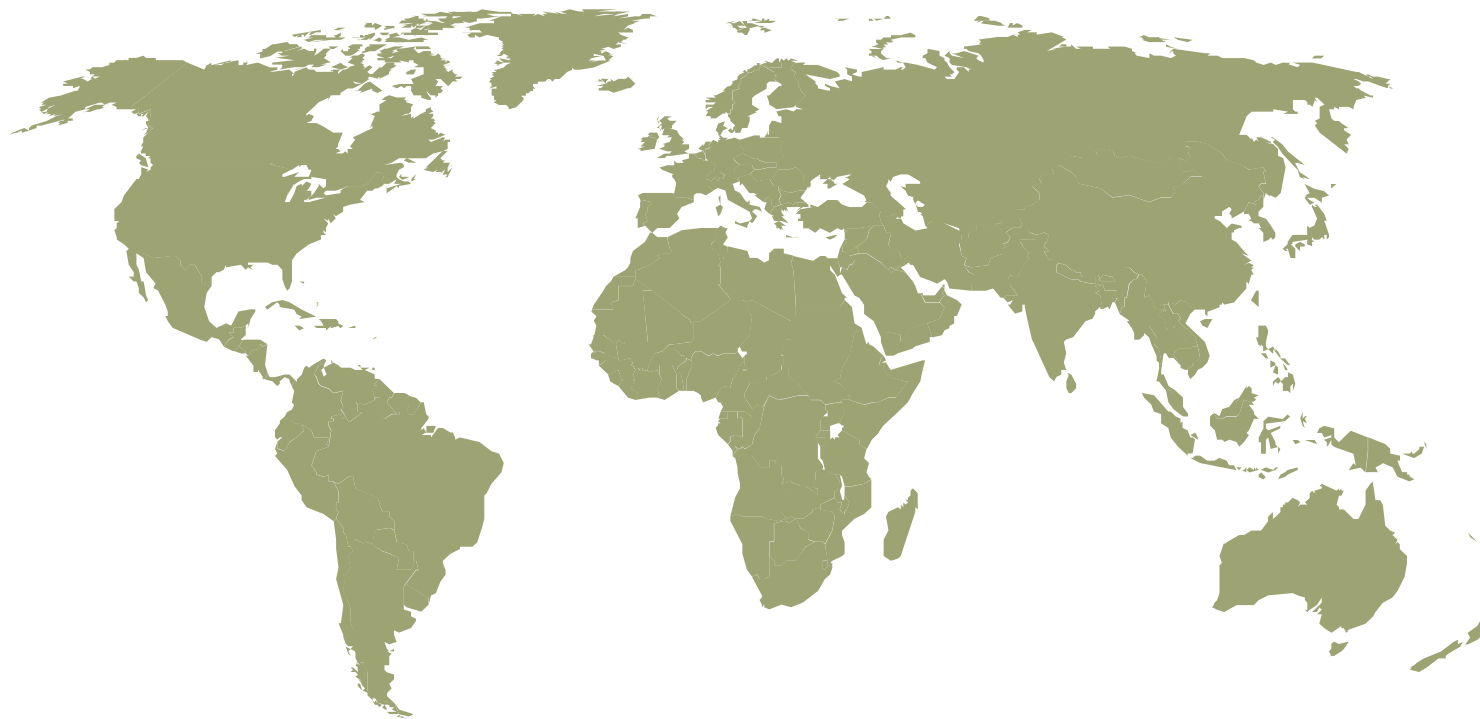
As of 6.30.10.



## Global Bonds as an Asset Class

### Broadening Opportunity Set

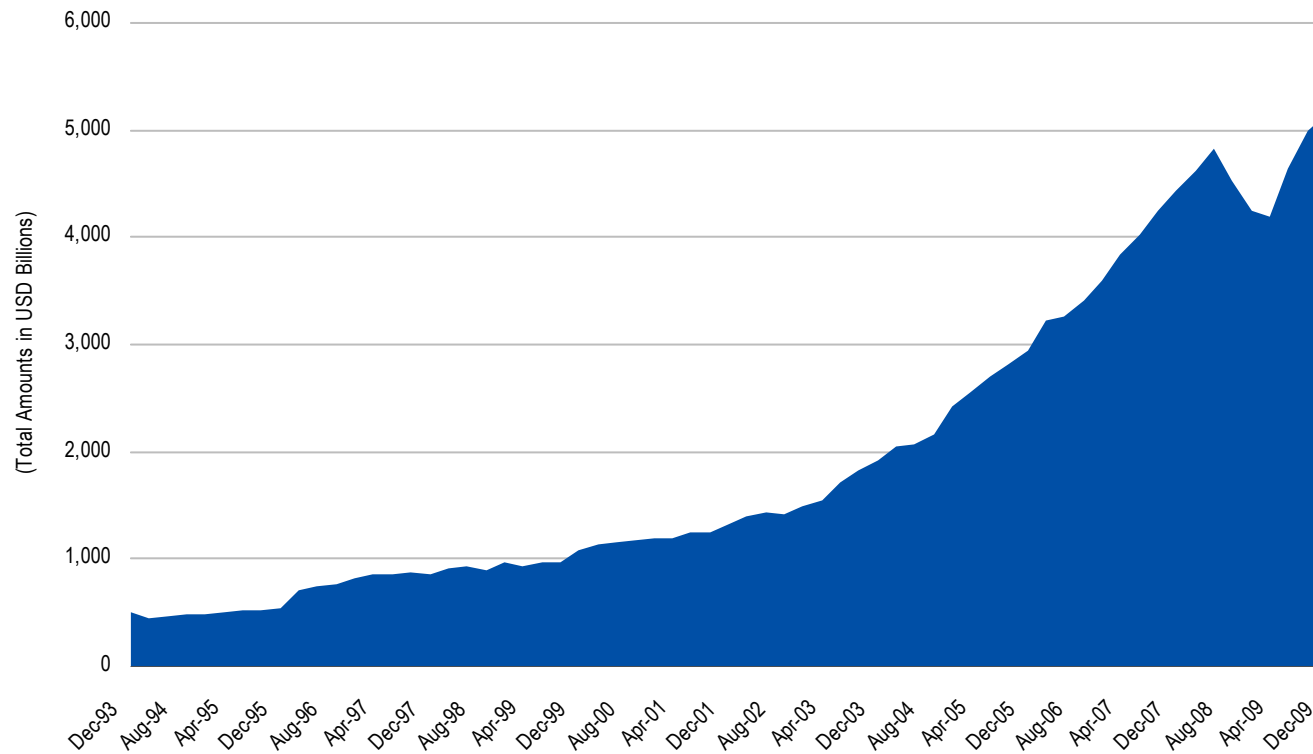
- More countries are opening to foreign investment.
- Local bond markets are building out yield curves with liquidity.
- Over 100 countries have partially or fully functioning capital markets.



## Expanding EM Local Debt Markets

### Developing Countries—Local Currency Government Debt Outstanding<sup>1</sup>

From December 1993 through December 2009

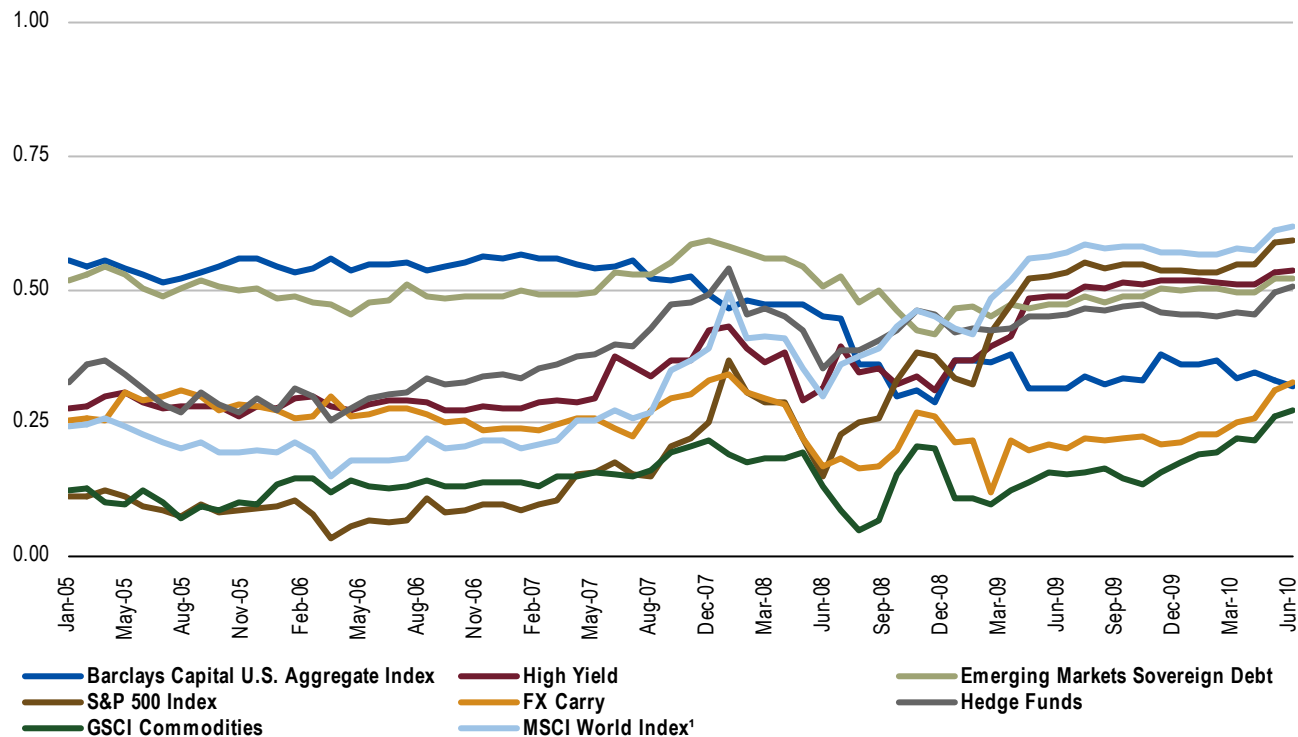


1. Source: Bank for International Settlements - International Banking Statistics, December 2009.

## Relatively Low Correlations Historically to Other Asset Classes

### 5-Year Rolling Correlations

Period Ending June 30, 2010



#### 5 Years Ending 6/30/2010

Barclays Capital U.S. Aggregate Index	0.32
High Yield	0.53
Emerging Markets Sovereign Debt	0.52
S&P 500 Index	0.59
MSCI World Index <sup>1</sup>	0.62
FX Carry	0.33
Hedge Funds	0.50
GSCI Commodities	0.27

Correlation: 1 = perfect positive correlation    0 = no correlation    -1 = perfect negative correlation

1. Source: Morgan Stanley Capital International (MSCI). All MSCI data is provided "as is." 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 information described herein. Copying or redistributing the MSCI data is strictly prohibited.

Sources: Barclays Capital, Citigroup, JP Morgan, Standard & Poor's, Deutsche Bank, Hedge Fund Research, Inc.

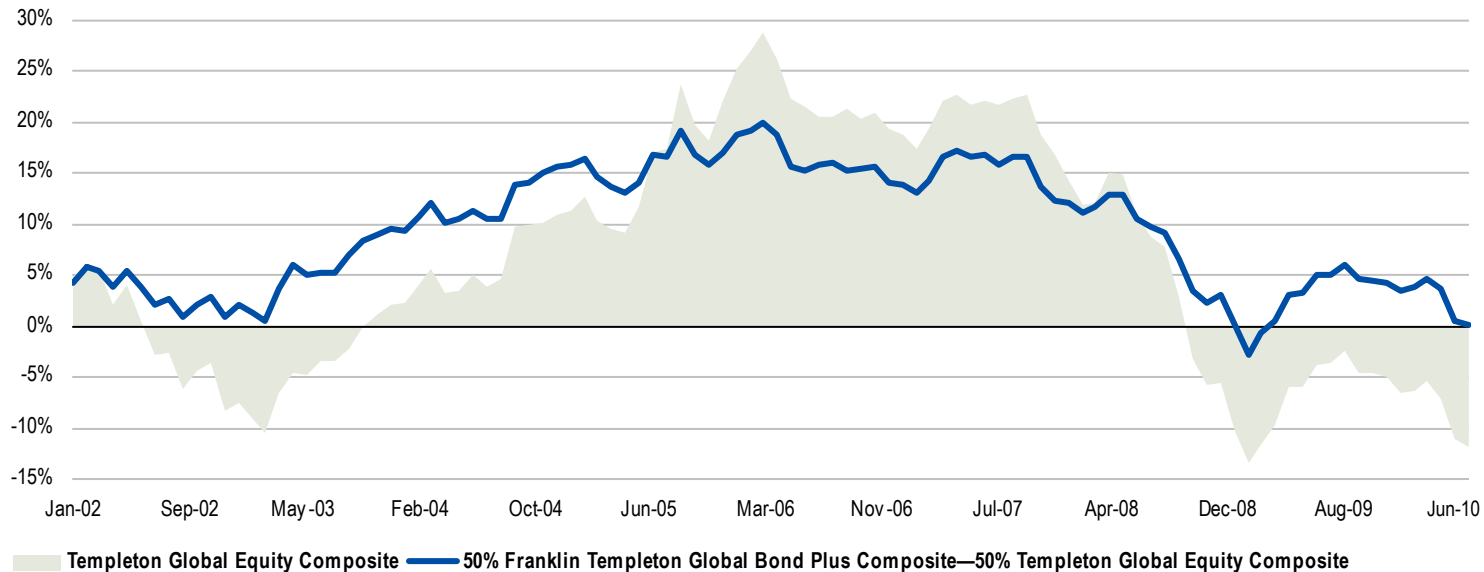
The above chart is for illustrative and discussion purposes only. The information is historical over the indicated time period and may vary significantly over other past time periods. Of course, past market conditions do not guarantee future results.

Indexes are unmanaged, and one cannot invest directly in an index.

## A Balanced Allocation

The chart below illustrates the performance of a hypothetical combined portfolio of bonds as represented by the Franklin Templeton Global Bond Plus Composite with global stocks, as represented by Templeton Global Equity Composite. **Note that, during the periods shown, in relation to global stocks, the combined portfolio participated significantly on the upside with reduced downside participation.**

### 3-Year Rolling Annualized Returns, Calculated Monthly Ending June 30, 2010



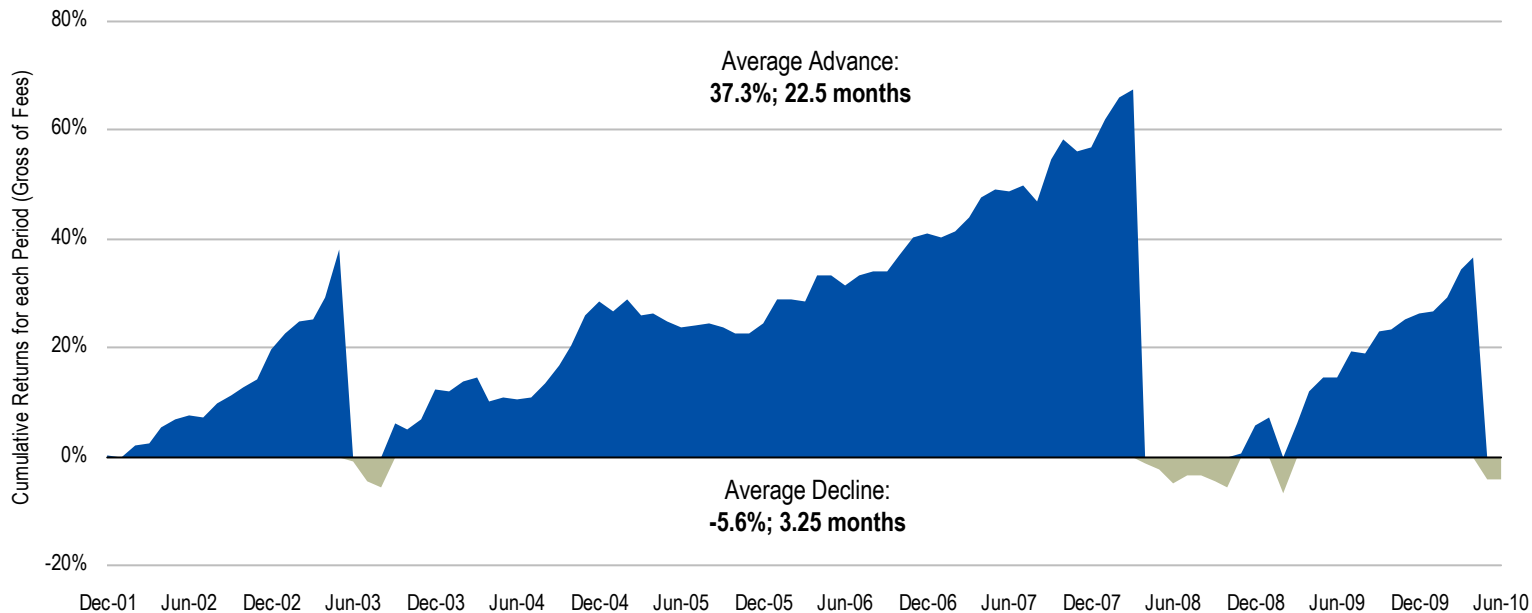
**Performance data represents past performance, which does not guarantee future results. Current performance may differ from the figures shown. Investment return and principal value will fluctuate with market conditions, and investors may have a gain or a loss when they sell their shares. Please call Franklin Templeton Institutional at 1.800.321.8563 for the most recent month-end performance.**

Performance was calculated before the deduction of investment management fees and other expenses. An investor will incur management fees and other expenses in connection with the management of its account, which will reduce performance. Blended performance was rebalanced monthly by Franklin Templeton Investments. The blended returns are based on the historical performance of the Franklin Templeton Global Bond Plus Composite and the Templeton Global Equity Composite over the periods shown. **However, the blended returns shown are hypothetical returns and no actual investor experienced the blended returns shown. The blended returns do not take into account market risk and are for illustrative purposes only to show the potential for protection against downside volatility versus a 100% equity benchmark, although diversification does not assure a profit or protect against a loss. Information is supplemental to the Historical Performance page and the accompanying full performance presentation prepared in accordance with the Global Investment Performance Standards (GIPS®). Please also see the Important Information page in the Appendix. Past performance does not guarantee future results and may differ over future time periods.**

## Prolonged Advances vs. Moderate Declines

The chart below illustrates the advances and declines of Franklin Templeton Global Bond Plus Composite (gross of fees) over the period indicated below. An “advance” is any period of a month or longer when cumulative returns exceed twice the standard deviation of monthly returns of the entire sample period. A “decline” is any period of a month or longer when cumulative returns fall more than twice the standard deviation of monthly returns of the entire sample period. The chart below is supplemental information to be considered in addition to, and not in lieu of, the Franklin Templeton Global Bond Plus Composite historical performance information.

December 2001–June 2010



***As of June 30, 2010, the average annual total return of Franklin Templeton Global Bond Plus Composite for the 1-, 5- and 10-year periods (gross of fees) was 15.3%, 12.0% and 12.5%, respectively.***

Performance for the Franklin Templeton Global Bond Plus Composite is historical and may not reflect current or future performance. The performance of similarly managed accounts within the composite may vary significantly due to a variety of factors, such as portfolio size, specific investment guidelines and inception date of the account. The performance information above is gross of investment advisory fees and other expenses and assumes reinvestment of any dividends. An investor will incur management fees and other expenses in connection with the management of its account, which will reduce performance. Results may differ over other historical time periods. **Information is supplemental to the Historical Performance page and the accompanying full performance presentation prepared in accordance with the Global Investment Performance Standards (GIPS®). Please also see the Important Information page in the Appendix. Past performance does not guarantee future results and may differ over future time periods.**

## Historically Resilient Returns with Relatively Low Volatility Compared to Other Asset Classes

- Even in the very difficult environment seen during the recent recession, global bonds not only provided relatively strong returns, they did so without the extreme volatility observed across many asset classes. This resilience did not come at the expense of long-term performance.

	Recession Period December 2007–June 2009		10 Years (June 30, 2010)	
	Returns (%)	Volatility (%)	Returns (%)	Volatility (%)
<b>Franklin Templeton Global Bond Plus Composite</b>	<b>10.84</b>	<b>10.44</b>	<b>12.47</b>	<b>7.76</b>
Global Government Bonds	5.74	9.97	6.70	7.35
U.S. Bonds	4.70	4.99	6.47	3.80
U.S. TIPS	2.23	11.21	7.46	6.76
Emerging Market Bonds	1.69	16.39	10.36	9.88
High Yield Bonds	-3.85	20.33	7.66	10.24
Hedge Funds	-8.33	9.50	6.93	5.68
Commodities	-19.85	30.29	4.41	17.60
REITs	-32.54	46.29	9.43	23.90
Domestic Stocks	-24.16	24.02	-1.59	16.16
World Stocks	-25.37	26.81	-0.53	16.72
Cash	1.51	0.45	2.64	0.58

Source: © 2010 Morningstar, as of June 30, 2010. Global Government Bonds are represented by the JP Morgan Global Government Bond Index; U.S. Bonds are represented by the Barclays Capital U.S. Aggregate Bond Index; U.S. TIPS represented by the BarCap U.S. Treasury TIPS Index; Emerging Market Bonds are represented by the JP Morgan Emerging Markets Bond Index Global; High Yield Bonds are represented by the Citigroup High Yield Index; Commodities are represented by the DJ UBS Commodity Index; REITs are represented by the FTSE NAREIT All REITs Index; Domestic Stocks are represented by the S&P 500 Index; World Stocks are represented by the MSCI World Index; Hedge funds represented by the Credit Suisse Tremont Hedge Fund Index; Cash represented by the P&R 90-Day U.S. Treasury Index. Indexes are unmanaged, and one cannot invest directly in an index. All Morgan Stanley Capital International (MSCI) data is provided "as is." In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data described herein. Copying or redistributing the MSCI data is strictly prohibited. The indices are unmanaged and therefore do not include the deduction of fees. An individual cannot invest directly in an index. A managed account will incur investment management fees which will reduce performance.

Performance for Franklin Templeton Global Bond Plus Composite is historical and may not reflect current or future performance. The performance of similarly managed accounts within the composite may vary significantly due to a variety of factors, such as portfolio size, specific investment guidelines and inception date of the account.

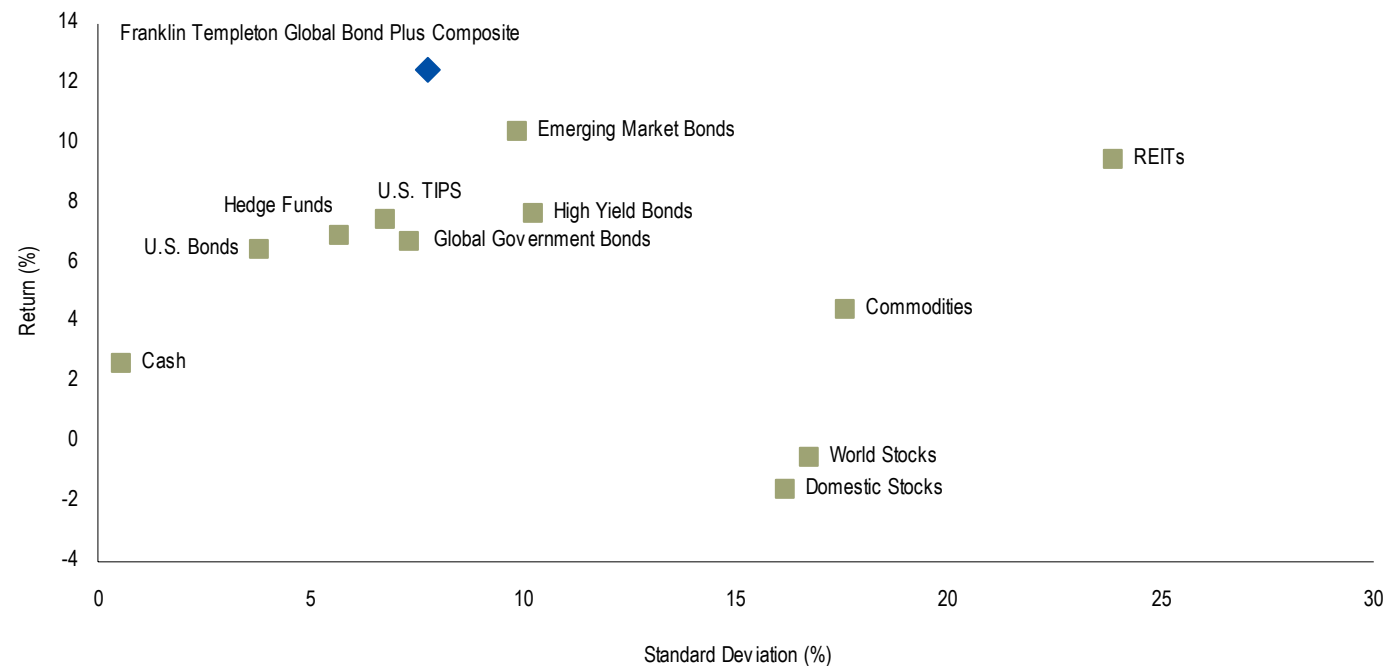
**Past performance does not guarantee future results and may differ over future time periods.**

## Strong, Long-Term Performance Record

- This relatively short-term stability, however, has not come at the expense of longer-term performance. The flexibility and variety of opportunities allow for performance potential in a wide variety of market environments.

### 10-Year Period

As of June 30, 2010



Source: © 2010 Morningstar, as of June 30, 2010. Global Government Bonds are represented by the JP Morgan Global Government Bond Index; U.S. Bonds are represented by the Barclays Capital U.S. Aggregate Bond Index; U.S. TIPS represented by the BarCap U.S. Treasury TIPS Index; Emerging Market Bonds are represented by the JP Morgan Emerging Markets Bond Index Global; High Yield Bonds are represented by the Citigroup High Yield Index; Commodities are represented by the DJ UBS Commodity Index; REITs are represented by the FTSE NAREIT All REITs Index; Domestic Stocks are represented by the S&P 500 Index; World Stocks are represented by the MSCI World Index; Hedge funds represented by the Credit Suisse Tremont Hedge Fund Index; Cash represented by the P&R 90-Day U.S. Treasury Index. Indexes are unmanaged, and one cannot invest directly in an index. All Morgan Stanley Capital International (MSCI) data is provided "as is." In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data described herein. Copying or redistributing the MSCI data is strictly prohibited. The indices are unmanaged and therefore do not include the deduction of fees. An individual cannot invest directly in an index. A managed account will incur investment management fees which will reduce performance.

Performance for Franklin Templeton Global Bond Plus Composite is historical and may not reflect current or future performance. The performance of similarly managed accounts within the composite may vary significantly due to a variety of factors, such as portfolio size, specific investment guidelines and inception date of the account.

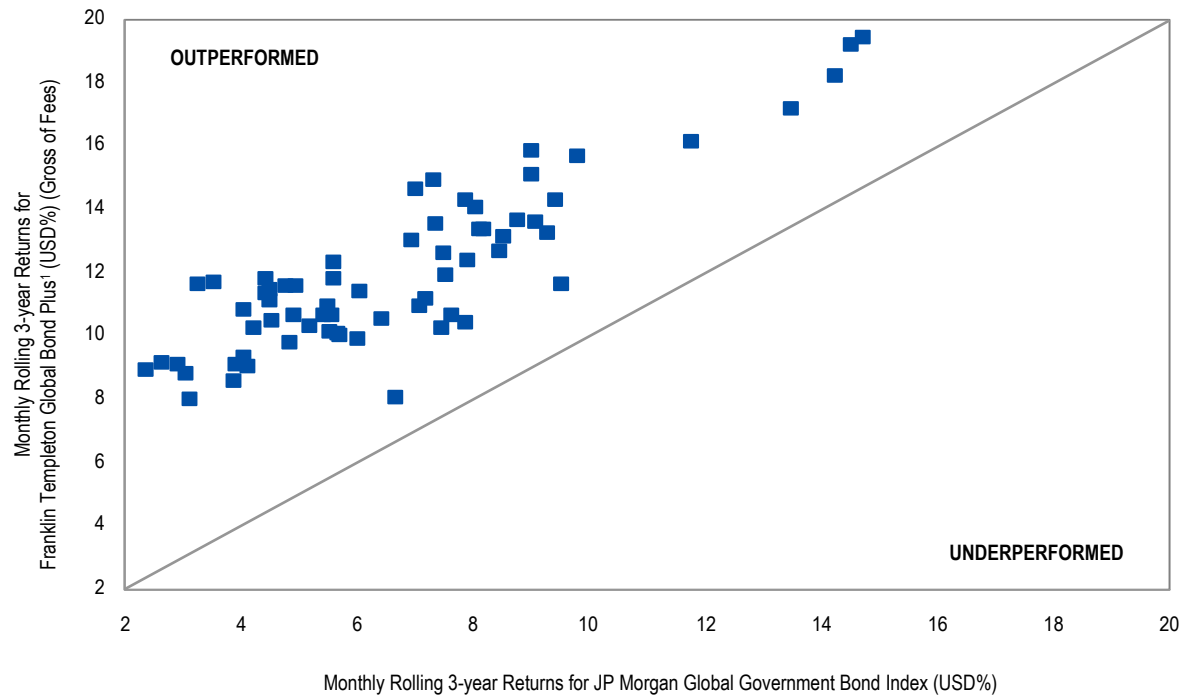
**Past performance does not guarantee future results and may differ over future time periods.**

## Long-Term Historical Performance Results

### Franklin Templeton Global Bond Plus Composite (Gross of Fees) vs. JP Morgan Global Government Bond Index

#### Monthly Rolling 3-Year Returns<sup>1</sup>

January 31, 2005 to June 30, 2010



- Outperformed JP Morgan Global Government Bond Index 66 out of 66 monthly rolling 3-year periods

1. Annualized rolling periods are plotted on a monthly basis. The leading diagonal line links points of return for the index (lower axis). For every point of return along this line there is a corresponding return for the composite represented by the blue square (left axis). Any point above the line represents composite outperformance relative to the index for that period. Any point below the line represents composite underperformance relative to the index for that period. Above performance-related information on Franklin Templeton Global Bond Plus Composite is gross of fees. Management fees will reduce the Franklin Templeton Global Bond Plus Composite's performance.

Information is supplemental to the Historical Performance page and the accompanying full performance presentation prepared in accordance with the Global Investment Performance Standards (GIPS®). Please also see the Important Information page in the Appendix.

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



## A Unique Approach to Global Fixed Income Investing

### Global Expertise

- Recognized pioneer in global investing
- Well-established global research platform
- Experienced and diverse team of investment professionals

### Long-Term, Fundamental Macro-Research Driven

- Long-term value approach to fixed income investing
- Global and local experts provides extensive country analysis through multiple perspectives and lenses

### Opportunistic and Flexible Approach

- Benchmark unconstrained
- Active management through independent sources of alpha
- Isolate expected returns from desired risk exposures

### Consistent Returns Earned Over Time

- Strong performance in a wide variety of market environments
- Strong absolute, relative and risk-adjusted long-term returns

## Strategy Overview

### Investment Objectives<sup>1</sup>

- Seeks to maximize total return (current income and capital appreciation) subject to expected volatility
- Investment universe: Global government and government-related fixed income, global currencies and related derivatives
- Performance benchmark: JP Morgan Global Government Bond Index
- The strategy is managed in a benchmark unconstrained manner, focusing on overall expected volatility and potential total return, rather than tracking error against an index. Consistent with this approach, the strategy does not have rigid risk constraints or volatility limits
  - While we do not manage to the following ranges for the reason described above, under normal market conditions, we would expect that the strategy's risk and return profile would typically be as follows:
    - Absolute volatility: 6–8%<sup>1</sup> (annualized, gross of fees)
    - Tracking error: 3–6%<sup>1</sup> (annualized, gross of fees)
    - Alpha: 3–6%<sup>1</sup> (annualized, gross of fees)

### Anticipated Sources of Value Added

- Both positive and negative directional risk exposures to these sources will be utilized:
  - Duration positioning
  - Currency allocation
  - Sovereign credit allocation

1. There is no assurance that the strategy will achieve its investment objectives. As stated above, the strategy is managed in a benchmark unconstrained manner, so the expected risk and return profile is provided solely to illustrate the manager's expectations with respect to strategy characteristics, based on the strategy's historical experience during normal market conditions. Past performance does not guarantee future results. **Thus, the characteristics do not take into account future market risks or changing economic conditions and are not a prediction or guarantee of future performance.** An investor in the strategy may experience significantly different risk and return characteristics including greater volatility, higher tracking error and lower returns than the expected characteristics, including the potential for loss of principal amounts invested. Risk and return characteristics do not take into account management fees or other expenses an investor would incur in the management of its account, which would reduce any returns and affect the risk characteristic measurements.

## Strategy Overview

### Investment Objectives<sup>1</sup>

- Seeks to maximize total return (current income and capital appreciation) subject to expected volatility
- Investment universe: Global fixed income across all sectors, global currencies and related derivatives
- Performance benchmark: Barclays Capital Multiverse Index
- The strategy is managed in a benchmark unconstrained manner, focusing on overall expected volatility and potential total return, rather than tracking error against an index. Consistent with this approach, the strategy does not have rigid risk constraints or volatility limits
  - While we do not manage to the following ranges for the reason described above, under normal market conditions, we would expect that the strategy's risk and return profile would typically be as follows:
    - Absolute volatility: 7–10%<sup>1</sup> (annualized, gross of fees)
    - Tracking error: 4–7%<sup>1</sup> (annualized, gross of fees)
    - Alpha: 4–7%<sup>1</sup> (annualized, gross of fees)

### Anticipated Sources of Value Added

- Both positive and negative directional risk exposures to these sources will be utilized:
  - Duration positioning
  - Currency allocation
  - Sovereign credit allocation
  - Spread sector allocation
  - Security selections/sub-sector allocation

1. There is no assurance that the strategy will achieve its investment objectives. As stated above, the strategy is managed in a benchmark unconstrained manner, so the expected risk and return profile is provided solely to illustrate the manager's expectations with respect to strategy characteristics, based on the strategy's historical experience during normal market conditions. Past performance does not guarantee future results. **Thus, the characteristics do not take into account future market risks or changing economic conditions and are not a prediction or guarantee of future performance.** An investor in the strategy may experience significantly different risk and return characteristics including greater volatility, higher tracking error and lower returns than the expected characteristics, including the potential for loss of principal amounts invested. Risk and return characteristics do not take into account management fees or other expenses an investor would incur in the management of its account, which would reduce any returns and affect the risk characteristic measurements.

## Investment Philosophy and Process

### Investment Philosophy

We believe that applying a fundamental, research-driven approach focused on identifying potential sources of total return (current income and capital appreciation) worldwide and seeking to capitalize on global interest rates and currency trends provides the best potential for solid risk-adjusted returns. The strategy is run independently of its benchmark, allowing the manager to hold only the positions it believes have the best potential to maximize risk-adjusted returns. This is a high alpha seeking strategy that invests globally and may include allocations to both developed and emerging markets. However, below investment grade exposure is limited to no more than 25% of total assets.

### Investment Strategy

#### Long-Term, Opportunistic Value Approach

- Long-term, fundamentally driven investment focus
- Total return approach that is not benchmark driven
- Identify economic imbalances that may lead to value opportunities in:
  - Interest rates (duration)
  - Currencies
  - Sovereign credit
- Active positioning across these areas
  - Precisely isolate desired exposures
  - Risk budget composition will shift based on relative attractiveness during global economic and credit cycles

## Investment Philosophy and Process

### Investment Philosophy

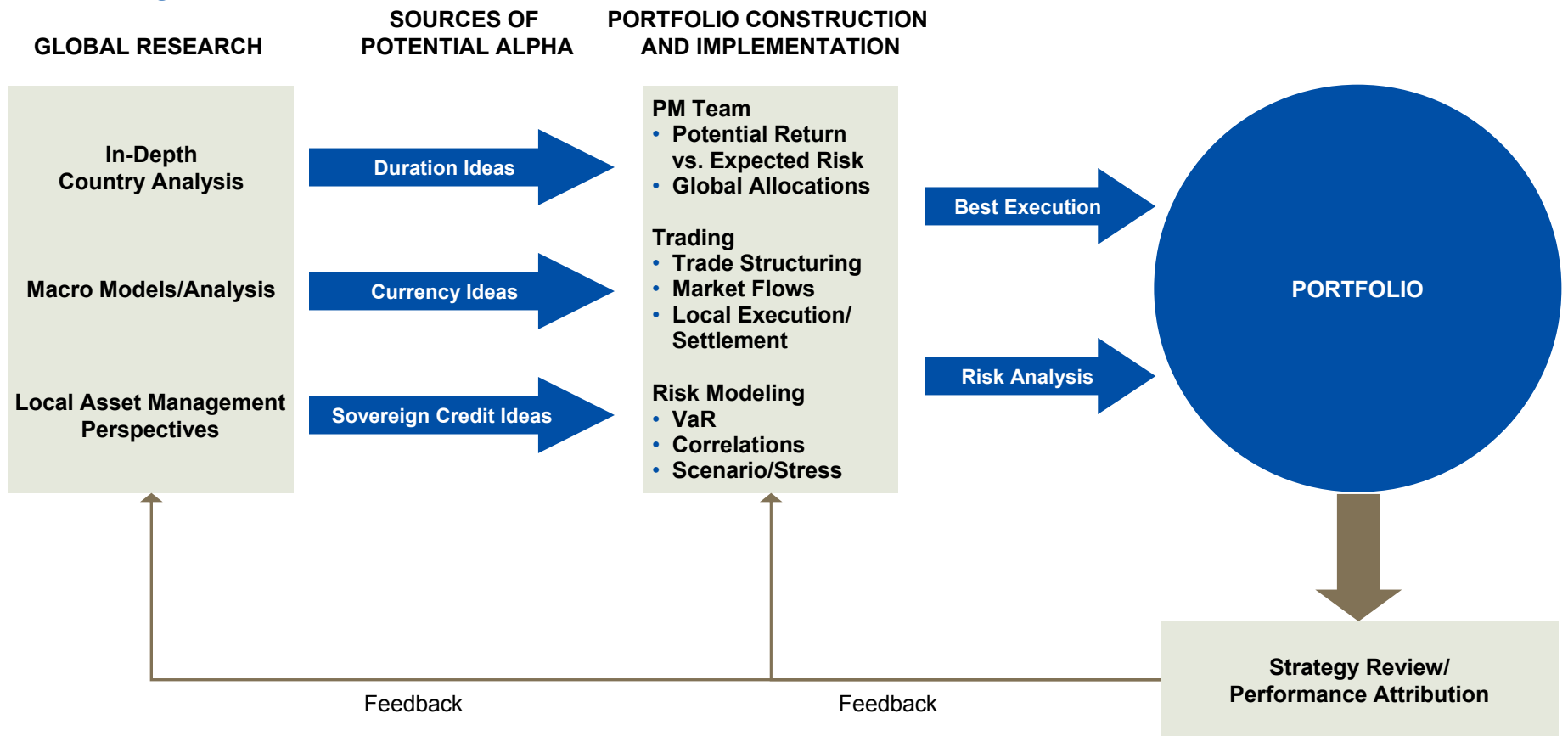
We believe that applying a fundamental, research-driven approach focused on identifying potential sources of total return (current income and capital appreciation) worldwide and seeking to capitalize on ideas across the entire fixed income opportunity set provide the best potential for solid risk-adjusted returns. The strategy is run independently of its benchmark, allowing the manager to hold only the positions it believes have the best potential to maximize risk-adjusted returns. This is a high alpha seeking strategy that invests globally and may include allocations to both developed and emerging markets. However, below investment grade exposure is limited to no more than 50% of total assets.

### Investment Strategy

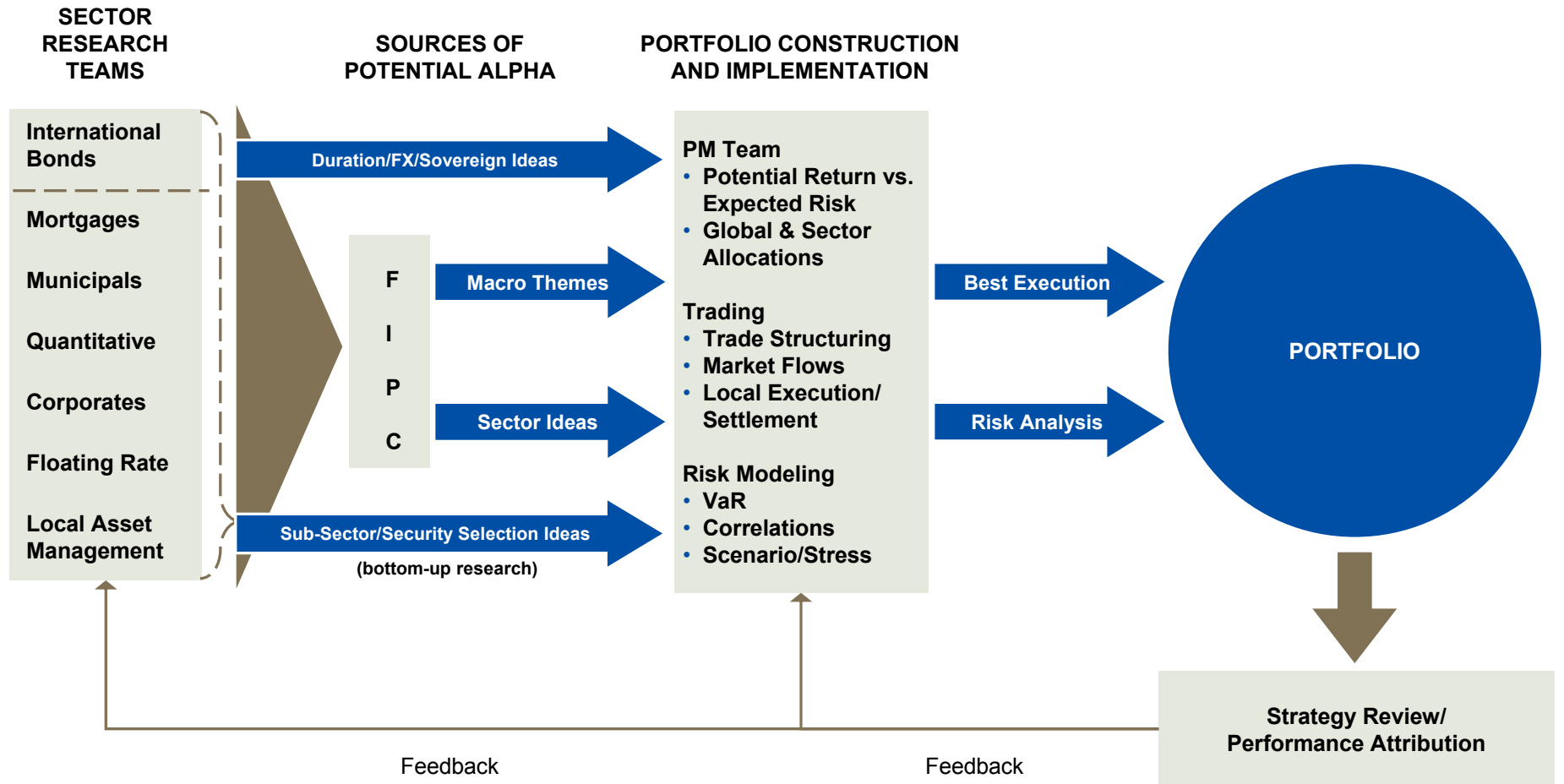
#### Long-Term, Opportunistic Value Approach

- Long-term, fundamentally driven investment focus
- Total return approach that is not benchmark driven
- Identify economic imbalances that may lead to value opportunities in:
  - Interest rates (duration)
  - Currencies
  - Sovereign credit
  - Corporate/spread sectors
  - Bottom-up security selection/sub-sector allocation
- Active positioning across these areas
  - Precisely isolate desired exposures
  - Risk budget composition will shift based on relative attractiveness during global economic and credit cycles

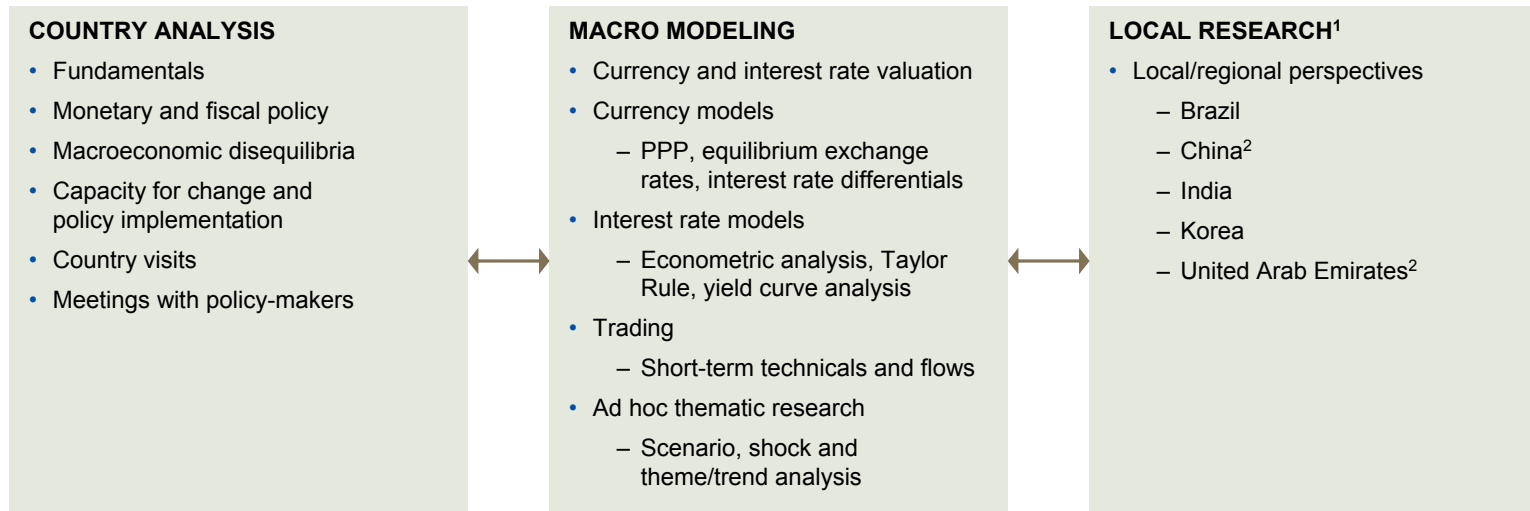
### Investment Process—Global Interest Rate, Currency, Sovereign Credit Positioning



### Investment Process—Adding Credit/Spread Sectors to Global Positioning



## Global Research—Multiple Perspectives/Lenses



1. This unit is an affiliate of Franklin Resources, Inc., and is not part of, but does share research with, Franklin Templeton Fixed Income Group, a unit of Franklin.

2. Includes individuals that are not employees of Franklin Resources, Inc. (FRI) or wholly owned subsidiaries of FRI. However, these individuals are part of our joint venture or strategic partnership relationships worldwide and are an integral component of our overall fixed income research efforts.



## Information Sharing—Formal Forums

### BROAD FIXED INCOME TEAM

---

#### FIXED INCOME POLICY COMMITTEE (FIPC)—WEEKLY

*Consists of co-chairs and senior members of the Franklin Templeton Fixed Income Group*

- Discuss political and economic factors affecting global economy and fixed income markets
- Assess qualitative factors and apply quantitative tools to determine relative value of segments of the fixed income markets

#### STRATEGY MEETINGS—BI-WEEKLY

*Consist of CIO, senior portfolio managers on each strategy*

- Portfolios reviewed: risk analysis, performance attribution, country, currency, duration and sector allocations
- Monitor consistency across global and regional strategies

### GLOBAL TEAM

---

#### GLOBAL FIXED INCOME RESEARCH MEETINGS—WEEKLY

*Consist of Local Asset Managers, quantitative and country/regional analysts*

- Prepared presentations: country or topical/thematic reports and updates
- Discussions on political and economic factors affecting the global economy and fixed income markets
- Discussions on country, currency, interest rate and credit outlook

#### REGIONAL RESEARCH CALLS—WEEKLY

*Consist of Local Asset Managers, quantitative and country/regional analysts*

- Separate regional calls: Americas, Europe/Middle East/Africa, Asia

#### MORNING MEETINGS—DAILY

- Ongoing market, political, macro-economic discussions

### CROSS ASSET

---

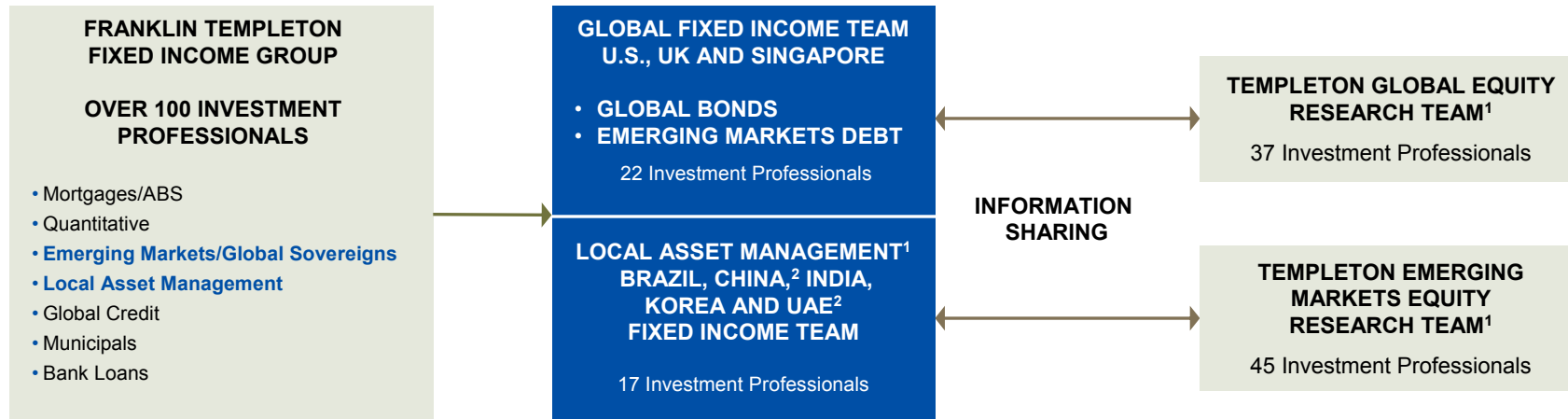
#### EQUITY TEAM INTERACTION—MONTHLY (formal)/DAILY (informal)

*Consists of Global Fixed Income Team, CIOs and senior members of Templeton Global Equity and Templeton Emerging Market Teams*

- Discuss economic development and valuation opportunities across region, country, sectors and asset classes

## Leveraging Firm-Wide Knowledge and Research

- The Franklin Templeton Global Bond Team exchanges insight and information with fixed income and equity investment professionals around the globe
  - Franklin Templeton Fixed Income Group: \$234.4 billion in assets under management
  - The Franklin Templeton Global Fixed Income Team: \$111.7 billion in assets under management



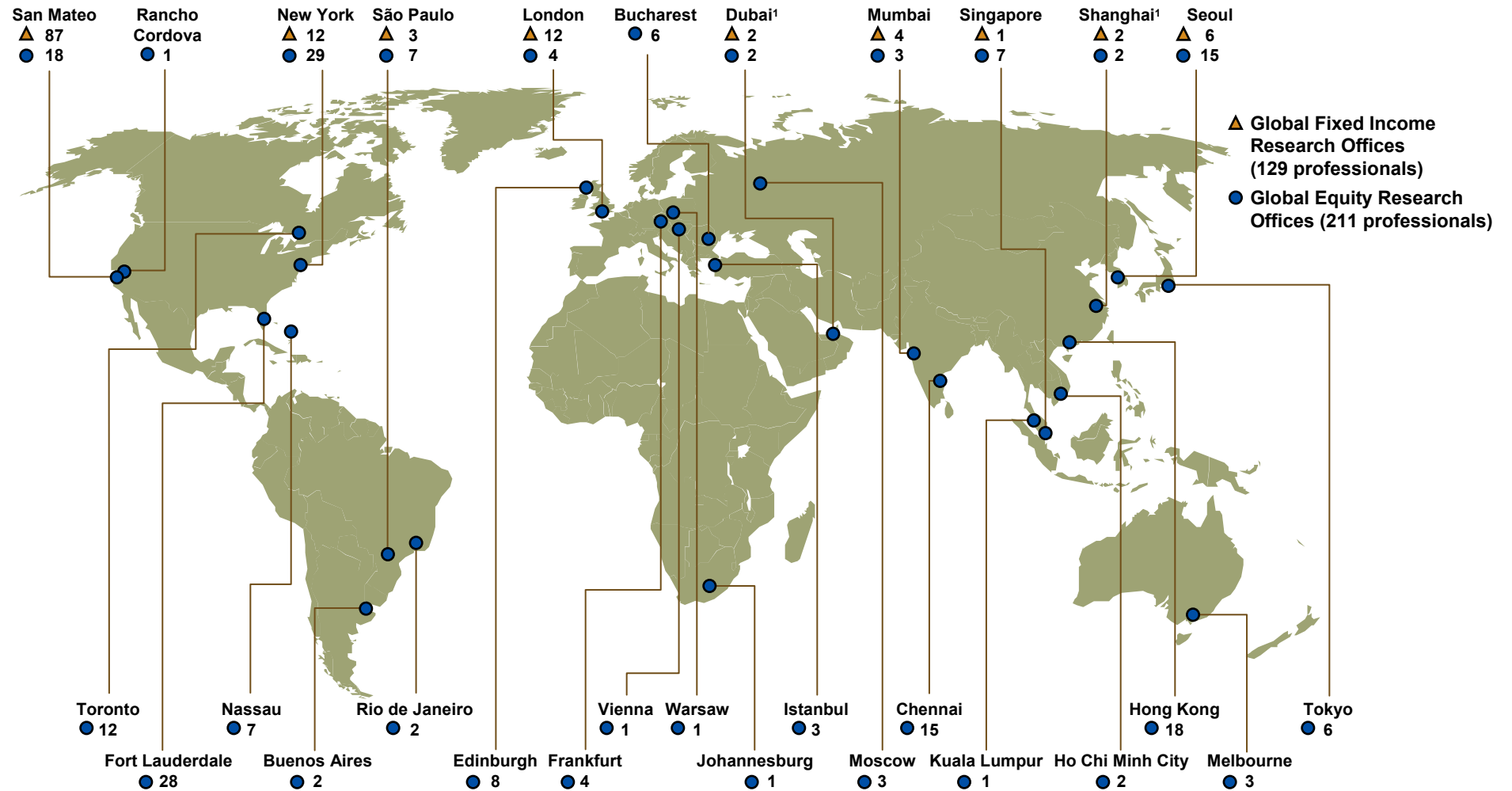
1. These units are affiliates of Franklin Resources, Inc., and are not part of, but do share research with, Franklin Templeton Fixed Income Group, a unit of Franklin.

2. Includes individuals that are not employees of Franklin Resources, Inc. (FRI) or wholly owned subsidiaries of FRI. However, these individuals are part of our joint venture or strategic partnership relationships worldwide and are an integral component of our overall fixed income research efforts.

Investment professionals include portfolio managers, analysts and traders.

As of 6.30.10.

### Global Fixed Income and Equity Research Offices



Global Resources Supporting Seasoned Local Teams<sup>2</sup> to Identify Opportunities and Execute Transactions

1. Includes individuals that are not employees of Franklin Resources, Inc. (FRI) or wholly owned subsidiaries of FRI. However, these individuals are part of our joint venture or strategic partnership relationships worldwide and are an integral component of our overall fixed income research efforts.

2. Through affiliated entities.

As of 6.30.10.

## Global Sovereign and Emerging Markets Debt Team

### Comprehensive Coverage

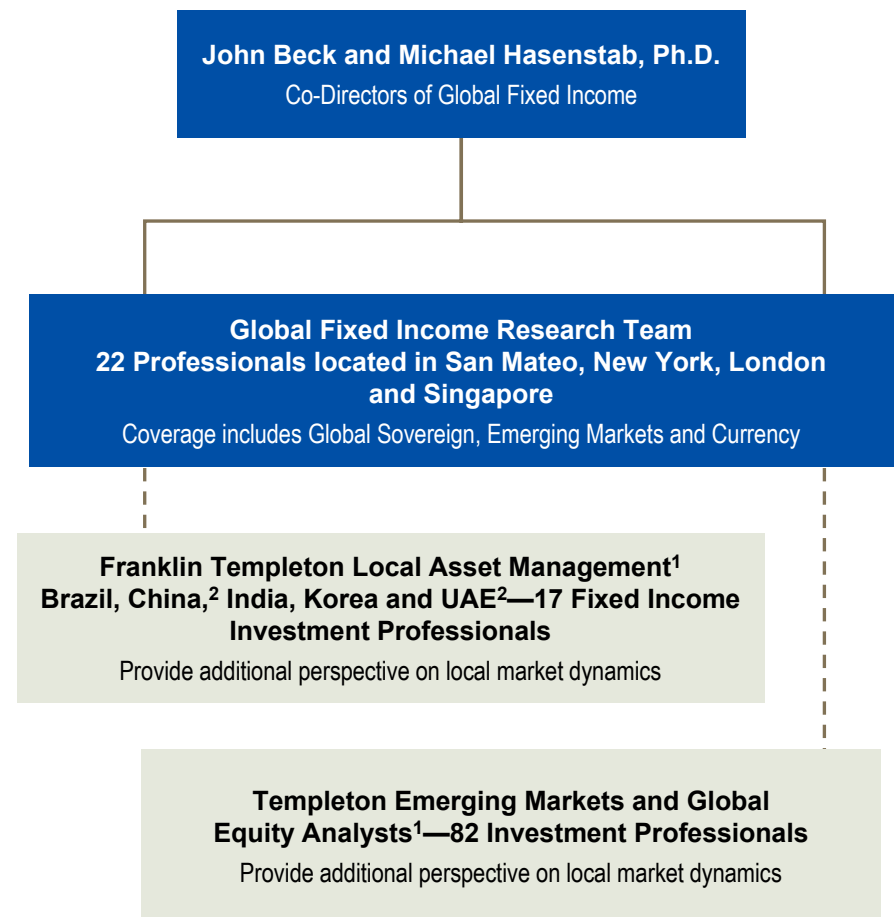
- Conduct rigorous research on developed and emerging countries
- Disciplined application of various exchange rate equilibrium models and scenario analyses
- Frequent interaction and consultation with global equity research analysts and local asset management investment professionals

### Research Orientation

- Consistent research process emphasizes in-depth fundamental analysis, with analysts taking a proactive, forward-looking approach
- Multi-faceted proprietary research focused on macroeconomic country fundamentals, currency and interest rate analysis

### Market Presence

- Size and breadth of Franklin Templeton provides access to information and markets
- Global trading platform provides ability to trade directly in many local markets



1. These units are affiliates of Franklin Resources, Inc., and are not part of, but do share research with, Franklin Templeton Fixed Income Group, a unit of Franklin.

2. Includes individuals that are not employees of Franklin Resources, Inc. (FRI) or wholly owned subsidiaries of FRI. However, these individuals are part of our joint venture or strategic partnership relationships worldwide and are an integral component of our overall fixed income research efforts.

Professionals include portfolio managers, analysts and traders.

As of 6.30.10.

## Corporate Credit Research Team

### Comprehensive Coverage

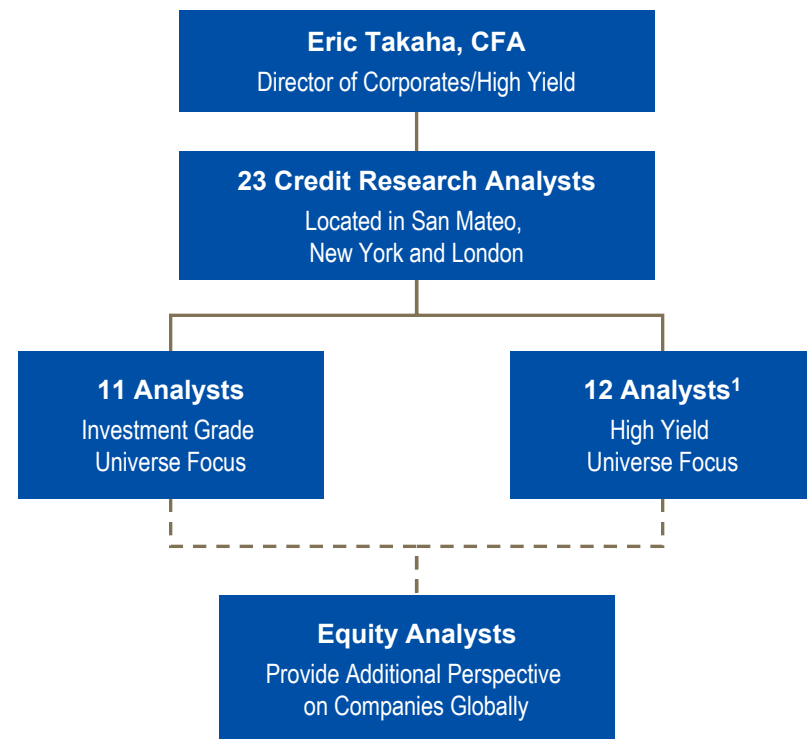
- Globally integrated team of experienced credit analysts fosters intensive industry and issuer coverage
- Global coverage facilitates cross-currency investment analysis and relative value assessment

### Research Orientation

- Consistent credit process emphasizes in-depth fundamental analysis, with analysts taking a proactive, forward-looking approach
- Joint investment-grade/high-yield team approach
- Collaboration with global equity analysts
  - Joint company visits
  - Shared coverage responsibilities
  - Ongoing dialogue

### Market Presence

- Size of Franklin Templeton provides access to senior management teams and sell-side resources
- Ability to influence new-issue deal structure and related covenants



1. Includes research analysts who cover both high-yield and investment-grade issuers. Analysts include research analysts and research associates. CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute. As of 6.30.10.

## Franklin Floating Rate Debt Group Research Team

### Fundamental Analysis

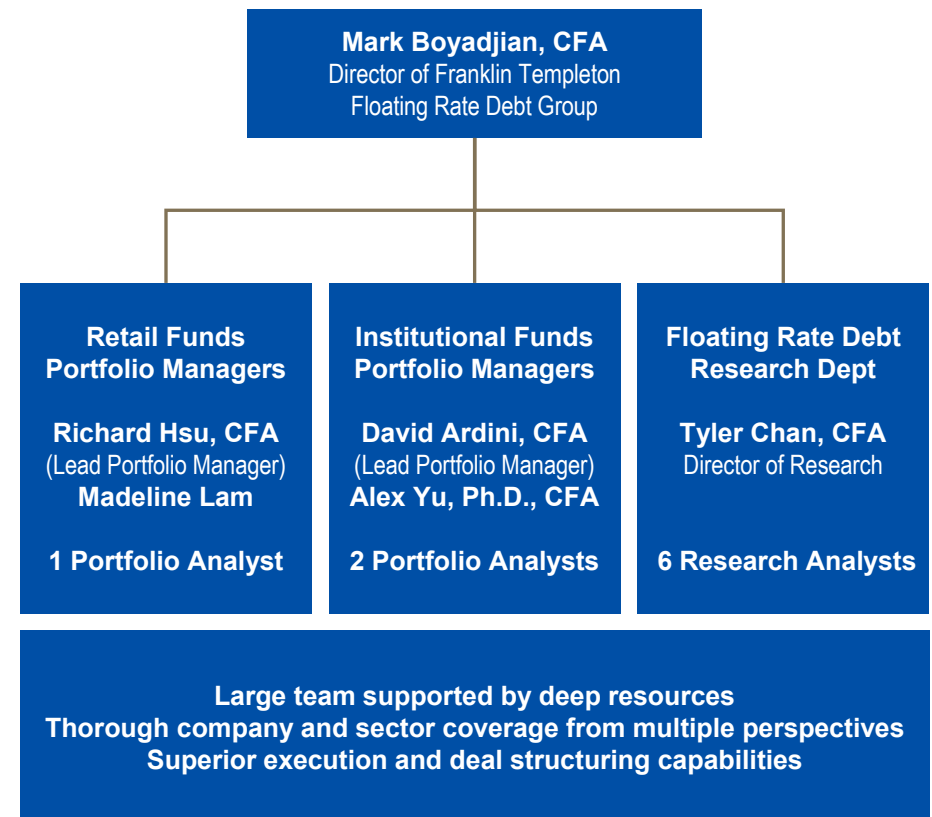
- Independent investment team conducting bottom-up credit research through proprietary financial data in order to continuously assess, monitor and communicate changes in the sector
- Dedicated team of 17 professionals with over \$3.0 billion in total assets under management

### Disciplined Approach

- Rigorous sell discipline combined with decisive portfolio management
- Focus on issues that generate relatively high income levels with low probability of default and low expected loss in the event of default
- Focus on capital preservation by seeking higher quality issues with stronger asset coverage
- Maintain diversified portfolios through disciplined portfolio construction

### Risk Management

- Integrate risk management in portfolio construction by estimating expected frequency of default and loss in event of default, as well as total value at risk



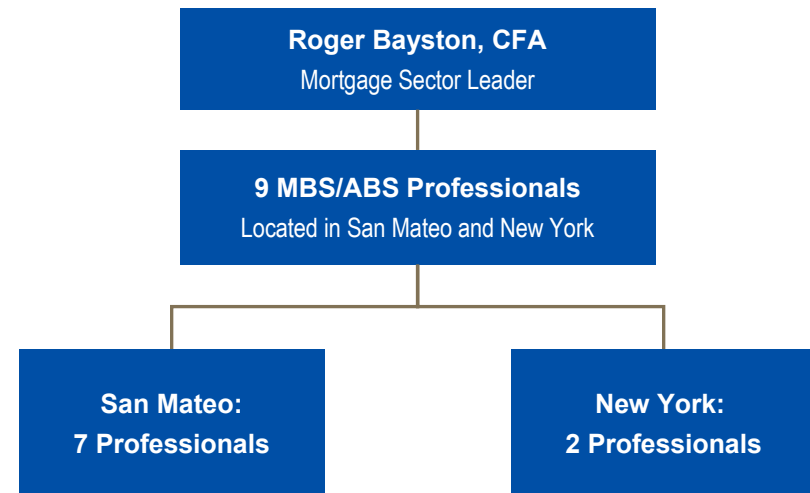
## Mortgage Research Team

### Research Orientation

- Analysts cover a broad range of securitized bonds across a variety of product types, origination years and coupon structures
- Evaluate “generics” relative to other mortgage sectors including:
  - Non-Agency CMOs
  - Agency CMOs
  - Non-Agency RMBS
  - TBA Rolls

### Quantitative Focus

- Quantitative models utilized to analyze volatility, spread sensitivity, prepayments and yield curve movements
- Proprietary systems utilized to evaluate securities independently from market expectations and nonproprietary systems are designed to help us understand the market’s underlying assumptions



## Quantitative Analysis

### Value-Added Functions

- Analytical tools
  - Individual position sizing
  - Optimize allocations of risk capital
- Alpha generation potential sought
  - Sector allocations and portfolio optimizations
  - Relative value tools

### Original Research Supports Idea Generation

- Team contributes active alpha ideas for portfolio consideration
- Topics include:
  - Quantitative credit modeling (default and recovery)
  - Capital structure opportunities (loan, bond, convertible, preferred, hybrid, equity)
  - Credit curve dynamics
  - Long-short basis opportunities
  - Credit derivative and hedging strategies
  - Volatility and correlation
  - Loan prepayment model





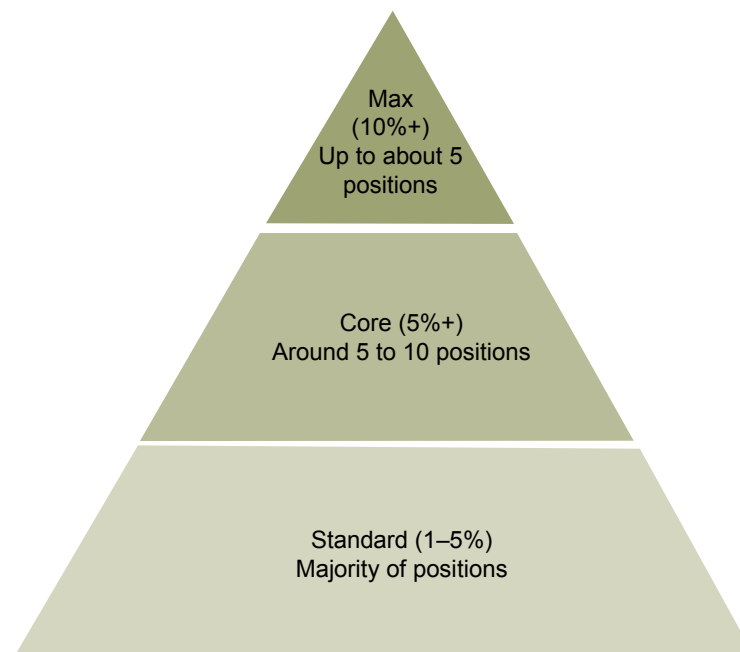
## Portfolio Construction—Global Position Sizing

- Typically holds at least 25–35 diversified global macro views or exposures (i.e. duration, currency, or sovereign credit) in a portfolio
- Conceptually, the portfolio is continually re-evaluated starting from a “clean slate” all-cash portfolio
  - Due to our unconstrained investment approach, the starting size for any new position under consideration is zero, rather than the benchmark weight
  - The range of potential investments are compared to each other based on our analysis of expected total return and risk
  - We can focus the portfolio investments in areas where we believe we find the best “low hanging fruit.” We can choose to hold only the investments that we believe are most attractive and to which we have high conviction
  - We are not forced to take benchmark-oriented positions if we do not have a high conviction view
- Position sizes are based on fundamental attractiveness, valuation, and potential expected return weighed against risk and volatility
  - Standard: Most positions will be 1% to 5% in size to maximize diversification
  - Core: Higher conviction positions may be scaled up to 5% or more
  - Max: Highest conviction views may be scaled up to 10% or more. Position size will rarely exceed 15%. Typically no more than a handful of positions reach this level

- Individual position sizes may be adjusted up or down based on correlations with other positions and/or portfolio level risk objectives
- Position sizing is subject to return/volatility objectives

### Resulting Portfolio

Based on overall total return and risk parameters, the number of portfolio positions based on size has typically fallen within these ranges:



Note: Duration, currency, and sovereign credit views are counted separately in position sizing.

The portfolio composition, characteristics, and number of exposures held by individual accounts managed within the strategy will vary due to a variety of factors, such as market conditions, account size, the specific investment guidelines and restrictions applicable to an account, and the inception date of the account.

The above information is for illustrative purposes only and does not constitute investment constraints or guidelines.

## Risk Management

### Independent Global Integrated Team—Portfolio Analysis and Investment Risk (PAIR) Team

- Seeks to integrate timely and accurate risk management and performance information into the investment process
- Utilize a rigorous, three-tiered approach to evaluating and managing risk
  - Industry standards
  - Proprietary models and macroeconomic analysis
  - Portfolio review

### Risk Analysis and Performance Attribution in Portfolio Construction

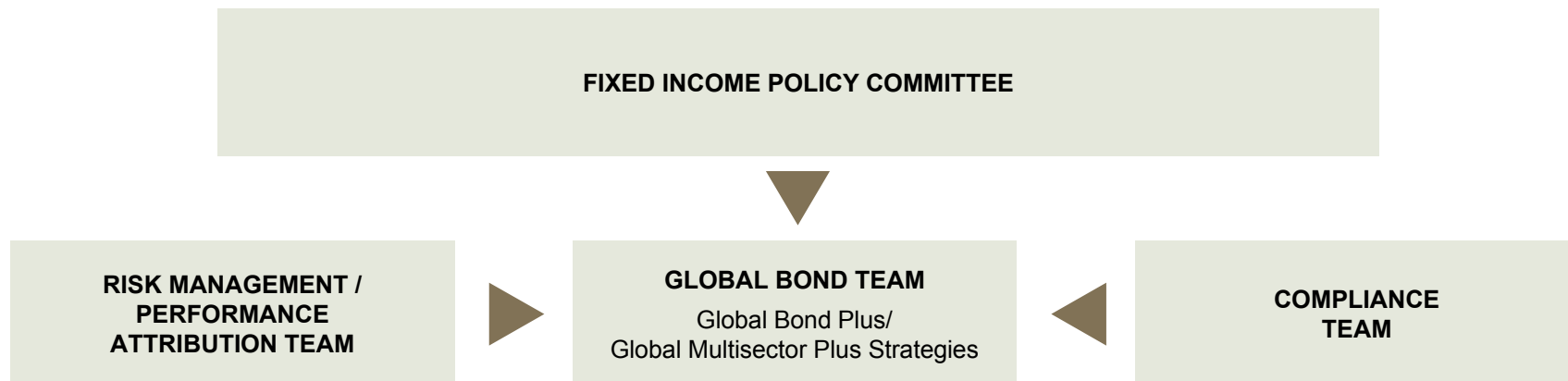
- Build portfolios seeking the most attractive risk-return profile
  - Risk budgeting: confirm portfolio objectives and assess the appropriate level of risk to achieve excess returns
  - Risk decomposition: identify and quantify primary sources of risk to ensure portfolio consistency with investment objectives
  - Performance attribution: confirm that primary active risk exposures are being converted into excess returns
  - Various risk toolkits:
    - Value at Risk (VAR), Conditional VAR (expected shortfall), tracking error, standard deviation, semi-standard deviation, sharpe ratio, etc.
    - Engage in scenario analysis and stress testing to determine portfolio's sensitivity to various risk scenarios

### Risk Oversight

- Monitor portfolios for compliance and corporate investment expectations
  - Pre-trade compliance: all trades (including derivative trades) must pass through pre-trade compliance approval before the trade can be sent to trading for execution
  - Daily risk monitoring: The Investment Risk group generates daily risk reports to measure interest rate, currency and credit risks in the portfolio
  - Complex Securities Review Committee: monitor derivative instruments and compliance processes
  - Counterparty Risk Reports
  - Quarterly formal internal audit review

## Portfolio Monitoring

The Fixed Income Policy Committee (FIPC), comprised of the most senior investment managers across various investment advisory companies within the Franklin Templeton Investments organization, is dedicated to overseeing broad investment policies, as well as strengthening risk management and review.



The Risk Management, Performance Attribution and Compliance teams conduct ongoing review and monitoring of the Global Bond Plus and Global Multisector Plus strategies and investments.

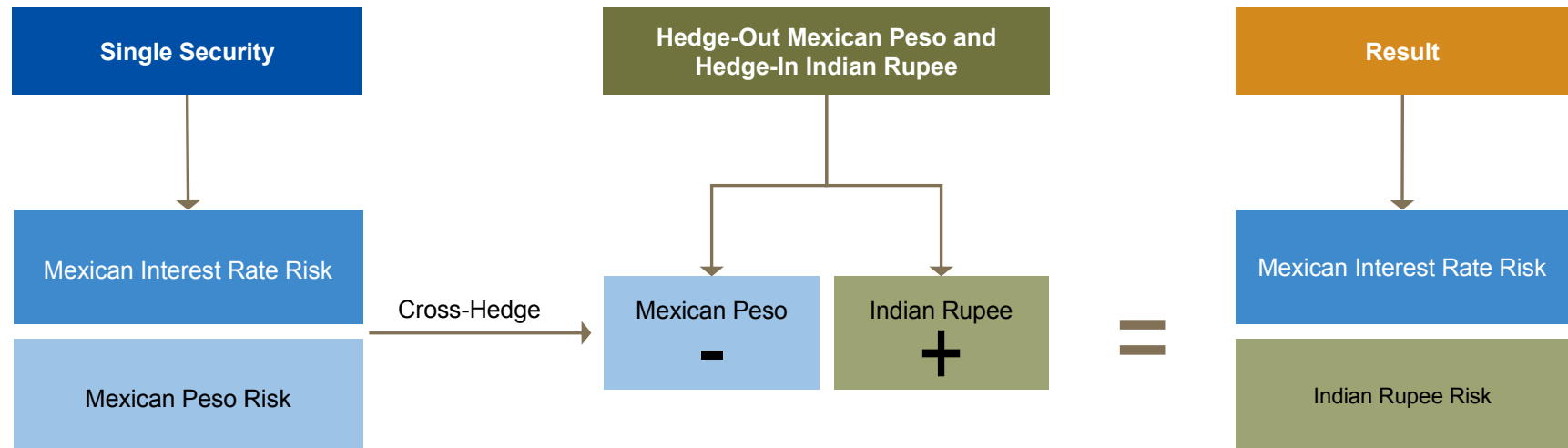
## Isolating Risk Exposures

- Our flexible investment approach allows us to manage interest rate (duration), currency and sovereign credit exposures and risks independently
- For example, if we find an attractive local interest rate opportunity in a country, but find the currency unattractive, we can hedge out the currency risk, or cross-hedge the currency to a different currency that we do find attractive
- Example: Long maturity local Mexico bonds (denominated in Mexican pesos) cross-hedged to Indian rupees

**Step 1** = Purchase peso-denominated Mexican bond

**Step 2** = Cross-hedge peso risk into Indian rupee risk

**Result** = "Rupee-denominated" long-dated Mexican debt



## Global Bond Markets: The Importance of Active Management

### 12-Month Sample Index Returns for the Period Ending June 30, 2010<sup>1</sup>

	Local Currency Bond Return %	Currency Return % vs. USD <sup>4</sup>	Unhedged USD Total Bond Return %
GGBI <sup>2</sup>	6.06	-1.65	4.31
EMBIG <sup>3</sup> (USD)	—	—	17.90
Indonesia	24.97	12.60	40.72
Brazil	11.40	8.73	21.12
Mexico	13.98	2.22	16.51
Canada	5.16	9.29	14.92
New Zealand	8.01	6.15	14.66
Malaysia	5.08	8.57	14.09
Japan	3.51	9.03	12.86
Australia	7.38	4.48	12.18
South Korea	6.11	4.25	10.62
Singapore	4.32	3.67	8.15
Switzerland	6.94	0.85	7.85
Sweden	7.98	-0.44	7.51
United States	6.91	—	6.91
India	2.49	3.14	5.71
Norway	5.92	-1.02	4.84
Poland	7.53	-5.75	1.35
United Kingdom	7.11	-9.15	-2.69
Euro Area	5.38	-12.67	-7.97

1. Source: Australia, Canada, Euro Area, Sweden, U.S., UK, Japan (JP Morgan GGBI); New Zealand, Poland, Mexico (JP Morgan GBI Broad); Norway, Switzerland (Citigroup WGBI); Brazil (JP Morgan GBI - EM); Indonesia, India, Singapore, South Korea, Malaysia (HSBC ALBI).

2. GGBI=JP Morgan Global Government Bond Index.

3. EMBIG=JP Morgan Emerging Markets Bond Index Global.

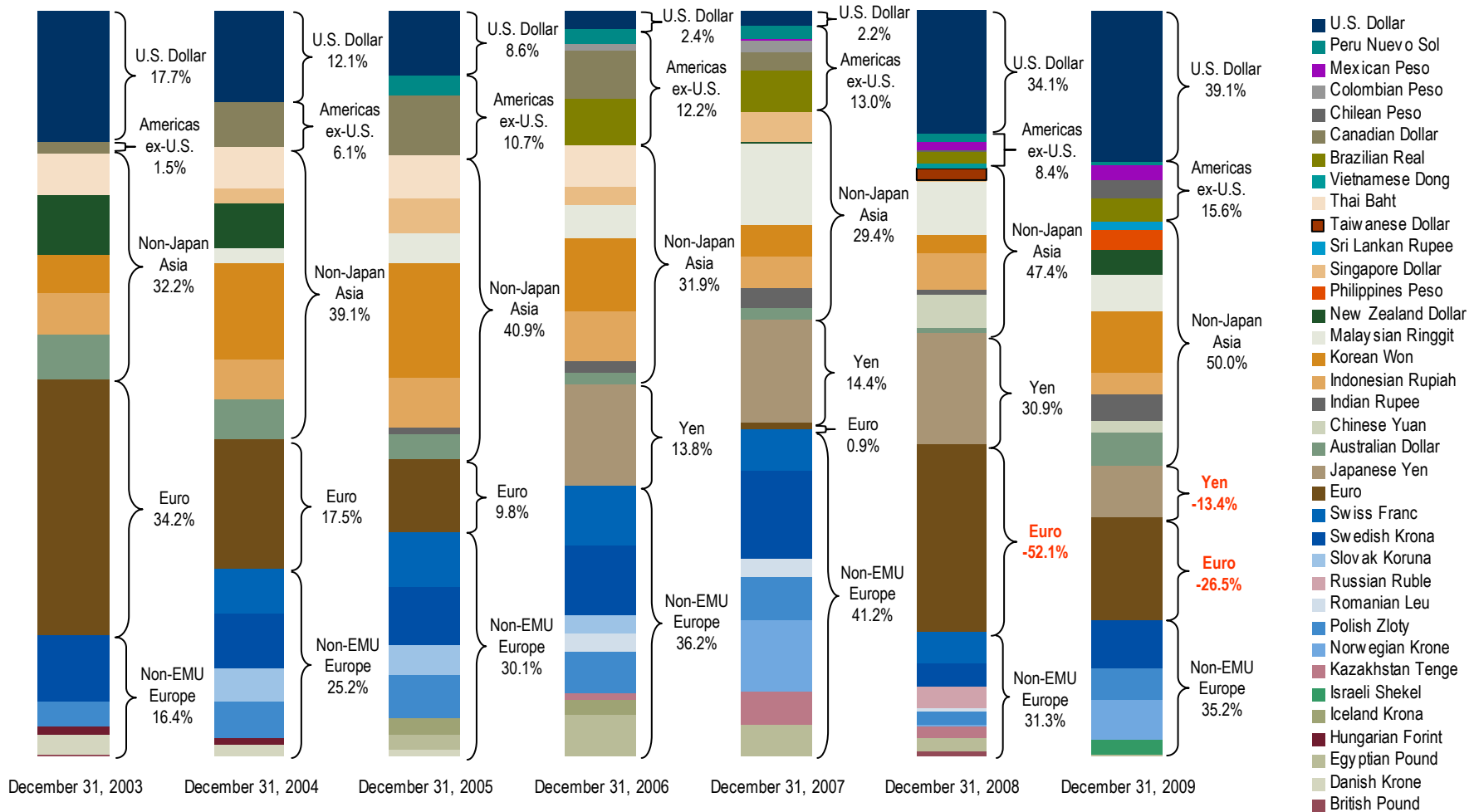
4. FactSet currency returns.

For illustrative purposes only; not representative of the fund's past or future performance or portfolio composition.

**Past performance does not guarantee future results.**

### Currency Strategy

#### Franklin Templeton Global Bond Plus Representative Account<sup>1</sup>



1. Currency strategy may change depending on factors such as market and economic conditions. The information is historical and may not reflect current or future portfolio characteristics.

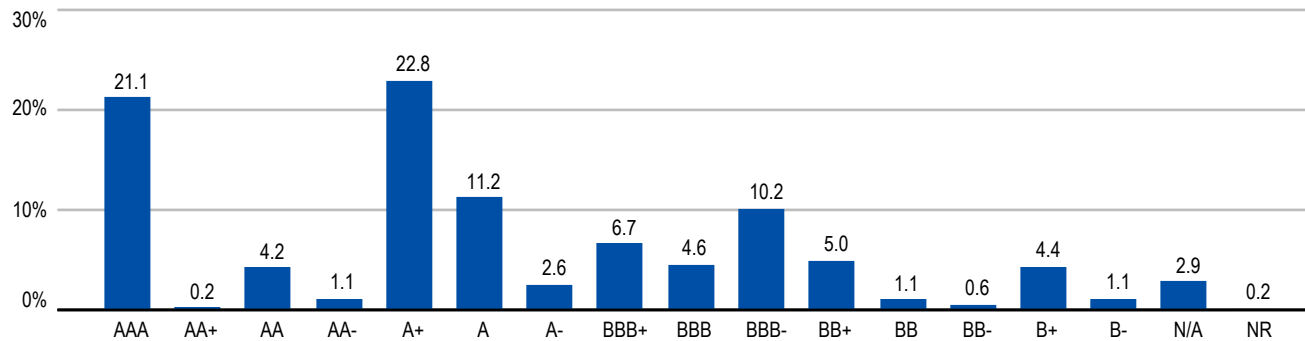
## Portfolio Characteristics

### Franklin Templeton Global Bond Plus Representative Account vs. JP Morgan Global Government Bond Index

As of June 30, 2010

	Portfolio	Index
Weighted Average Credit Quality	A	AA
Average Duration	3.3 Yrs	6.3 Yrs
Average Life	4.6 Yrs	6.9 Yrs
Yield to Maturity	5.9%	1.8%
Yield to Worst	5.9%	1.8%
Current Yield	6.0%	3.0%

## Quality Allocation



Based on a representative account of the Franklin Templeton Global Bond Plus Composite. Individual accounts within the Franklin Templeton Global Bond Plus Composite may vary due to a variety of factors, such as account size, the specific investment guidelines and restrictions applicable to an account, and the inception date of the account.

Percentage may not total 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

Indexes are unmanaged and one cannot invest directly in an index.

Yield to Maturity figures quoted should not be used as an indication of the income to be received.

The letter ratings are provided to indicate the credit worthiness of the underlying bonds in the portfolio and generally range from AAA (highest) to D (lowest).

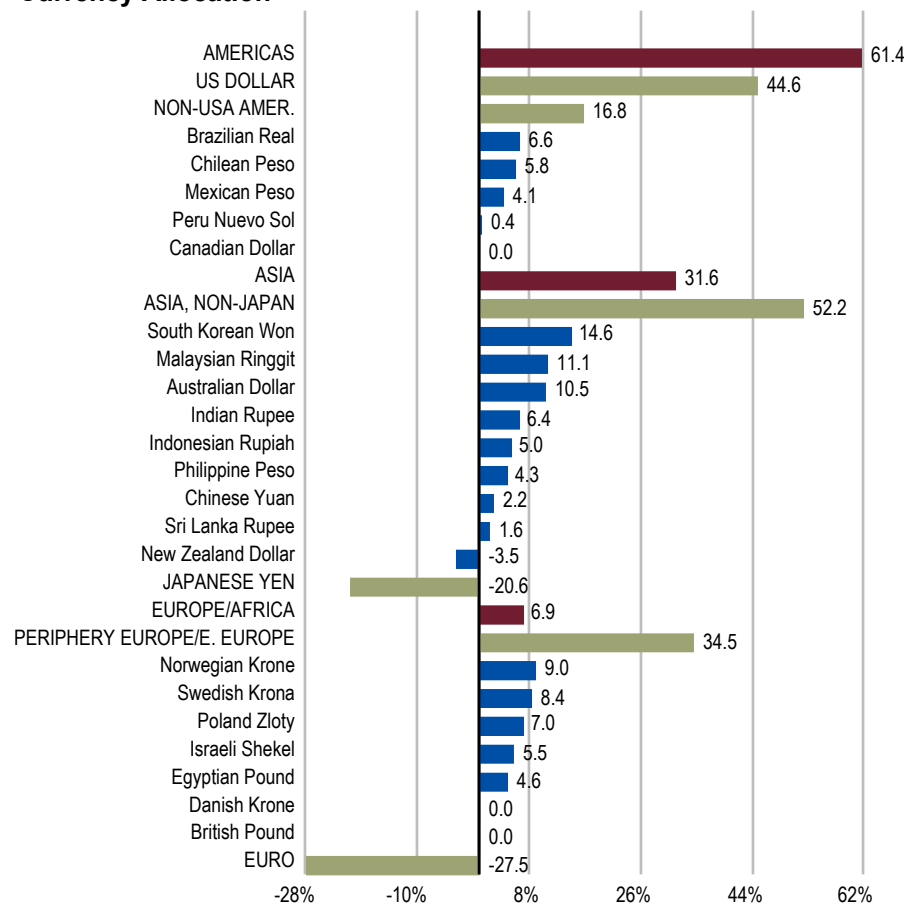
The Quality Allocation bar chart may include securities that are not rated (N/R) and securities not covered by a ratings agency. The N/A category may encompass negative cash, net currency forwards, negative derivative (market value), and items with null quality (e.g., unrated cash equivalents).

## Currency Allocation

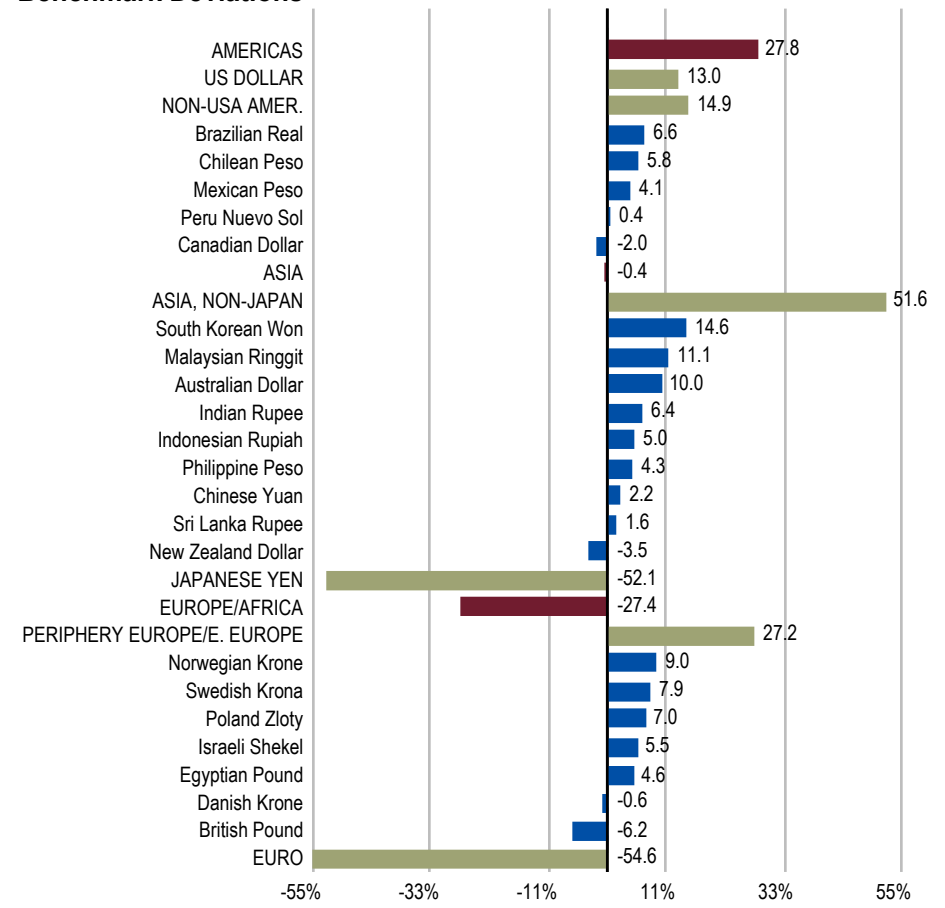
### Franklin Templeton Global Bond Plus Representative Account vs. JP Morgan Global Government Bond Index

As of June 30, 2010

#### Currency Allocation



#### Benchmark Deviations



Based on a representative account of the Franklin Templeton Global Bond Plus Composite. Individual accounts within the Franklin Templeton Global Bond Plus Composite may vary due to a variety of factors, such as account size, the specific investment guidelines and restrictions applicable to an account, and the inception date of the account.

Weightings as percent of total. Percentage may not total 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

Indexes are unmanaged and one cannot invest directly in an index.

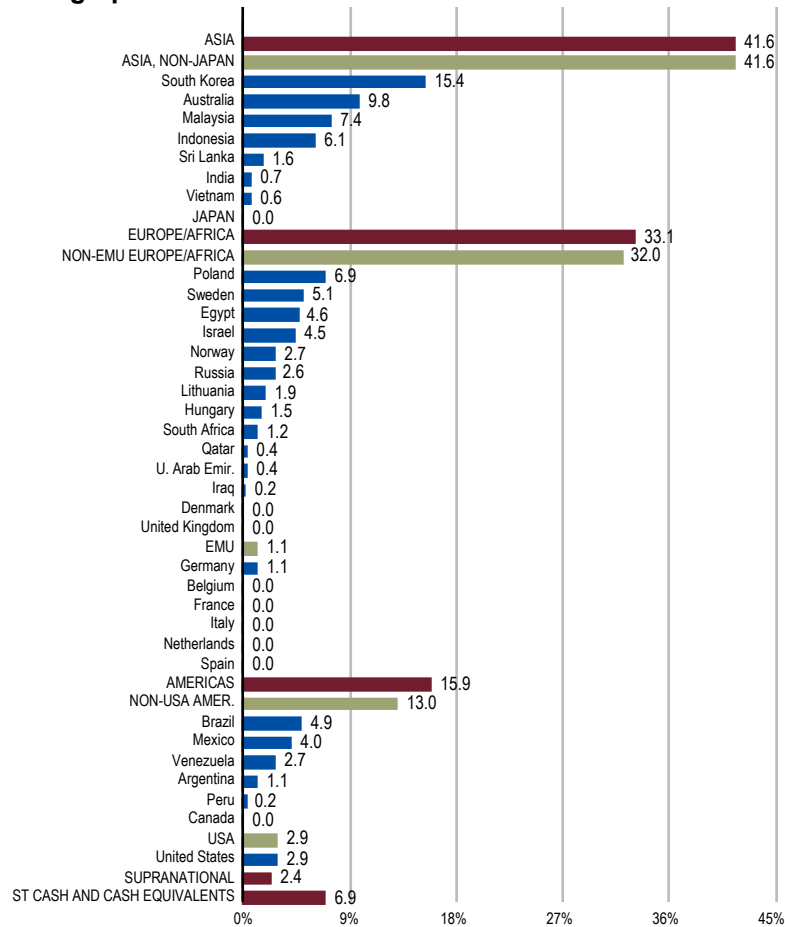


## Geographic Allocation

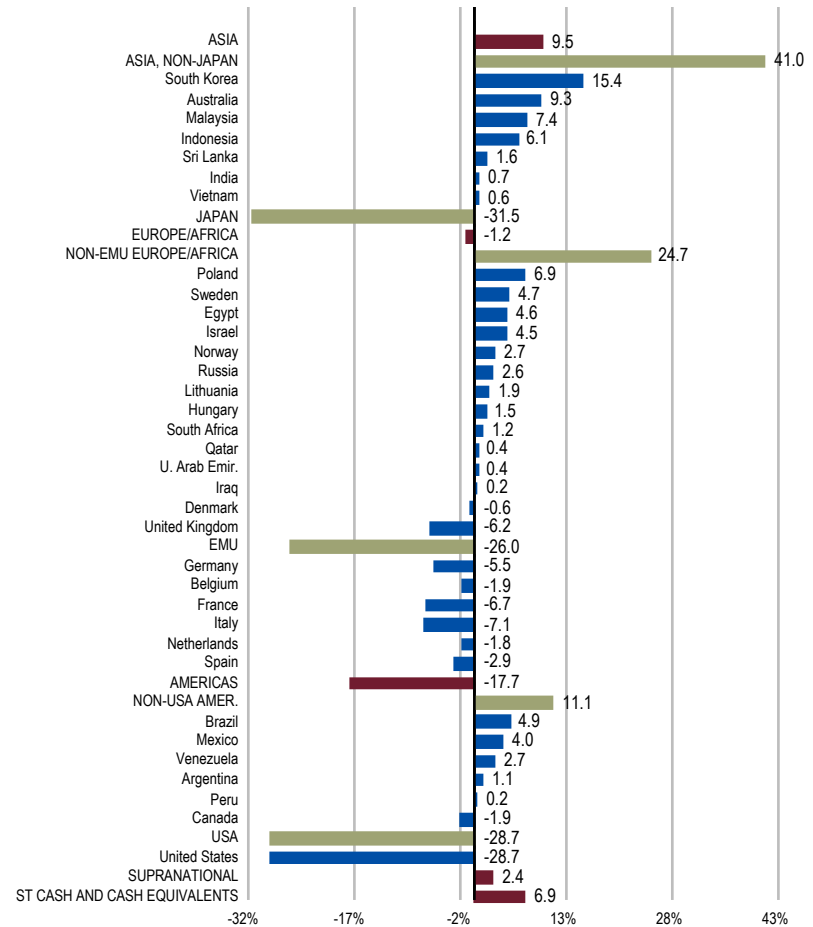
### Franklin Templeton Global Bond Plus Representative Account vs. JP Morgan Global Government Bond Index

As of June 30, 2010

#### Geographic Allocation



#### Benchmark Deviations



Based on a representative account of the Franklin Templeton Global Bond Plus Composite. Individual accounts within the Franklin Templeton Global Bond Plus Composite may vary due to a variety of factors, such as account size, the specific investment guidelines and restrictions applicable to an account, and the inception date of the account.

Weightings as percent of total. Percentage may not total 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

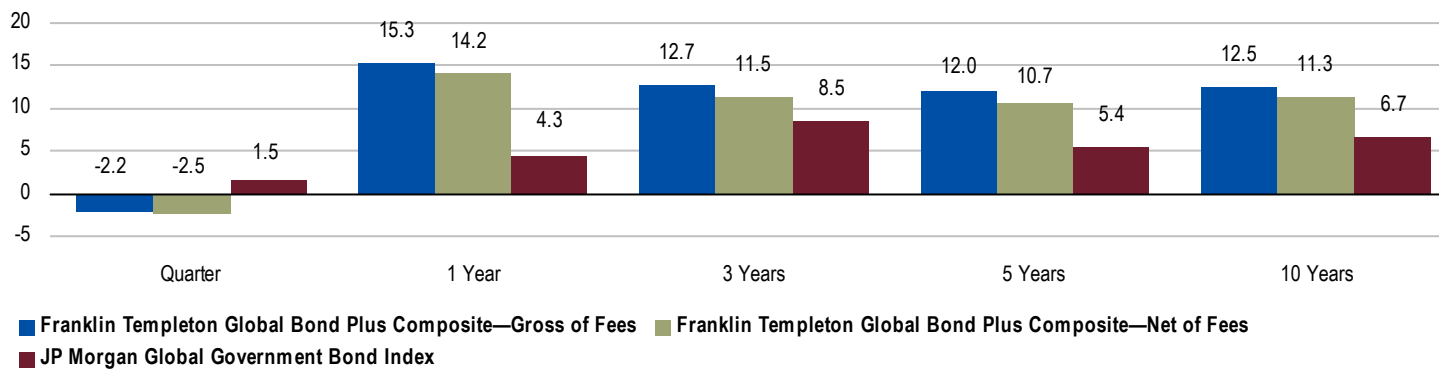
Indexes are unmanaged and one cannot invest directly in an index.

## Historical Performance

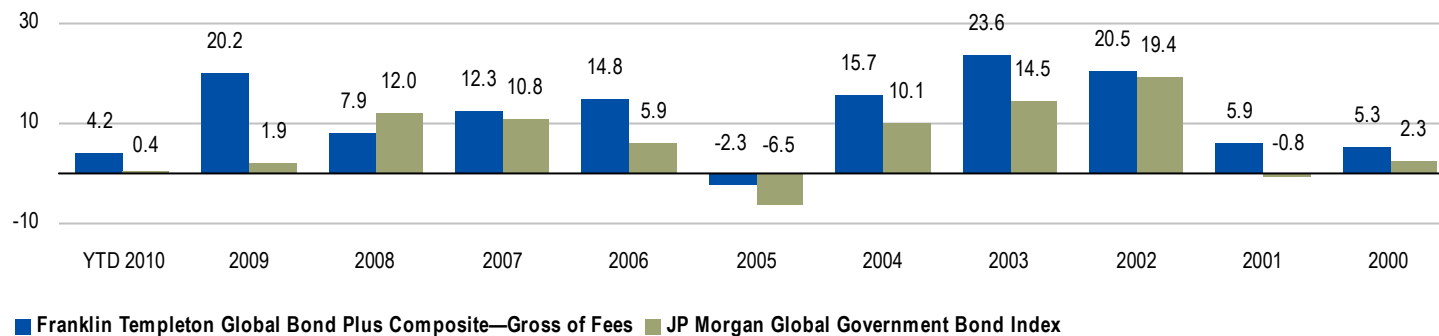
### Franklin Templeton Global Bond Plus Composite

As of June 30, 2010

#### Average Annual Total Returns (USD%)



#### Calendar Year Returns (USD%)



Periods of more than one year are annualized.

Franklin is in compliance with the Global Investment Performance Standards (GIPS®) from January 1, 2000 to the present. Performance presented prior to that date is not in compliance as documentation supporting the inclusion of accounts in composites constructed prior to that date may not be readily available for some accounts. Total returns are presented in U.S. dollars both gross and net of investment advisory fees, are inclusive of commissions and transaction costs, and assume reinvestment of any dividends, interest income, capital gains, or other earnings.

Please see accompanying full performance presentation prepared in accordance with GIPS®. Please also see the Important Information page in the Appendix.

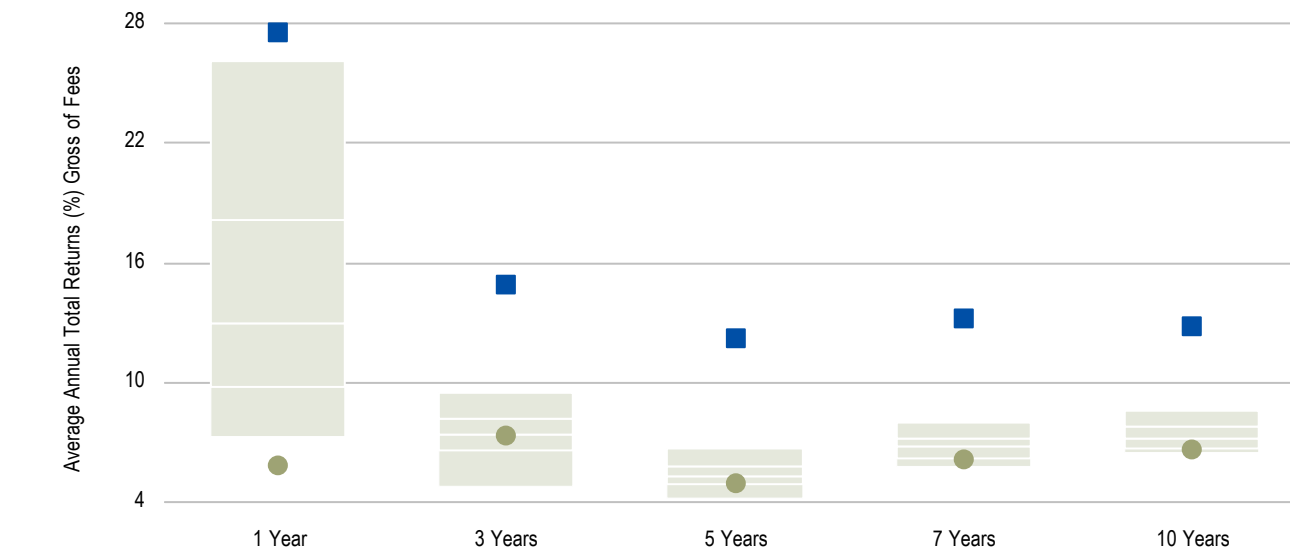
Past performance does not guarantee future results and may differ over future time periods.

## Franklin Templeton Global Bond Plus Composite Historical Results

### Strong Historical Investment Performance

#### Comparison with the Mercer Global Fixed Unhedged Universe

As of March 31, 2010



■ Franklin Templeton Global Bond Plus Composite ● JP Morgan Global Gov't Bond Index

	27.5	14.9	12.1	13.1	12.7
	5.8	7.3	4.9	6.1	6.6
10th Percentile	26.1	9.5	6.7	8.0	8.6
Upper Quartile	18.2	8.2	5.8	7.2	7.8
Median	13.0	7.4	5.3	6.7	7.2
Lower Quartile	9.8	6.6	4.9	6.2	6.7
90th Percentile	7.3	4.8	4.2	5.8	6.4
# of Observations	85	81	76	69	52

Source: Mercer Investment Consulting. The peer universe includes unaffiliated institutional asset managers that manage similar mandates. The Franklin Templeton rankings may not be representative of any individual client's experience, as it is based on a composite that includes multiple accounts. Results for other historical time periods may vary. Information was calculated based on gross of fees performance. Management fees will reduce an investor's return.

Information is supplemental to the Historical Performance page and the accompanying full performance presentation prepared in accordance with the Global Investment Performance Standards (GIPS®). Please also see the Important Information page in the Appendix.

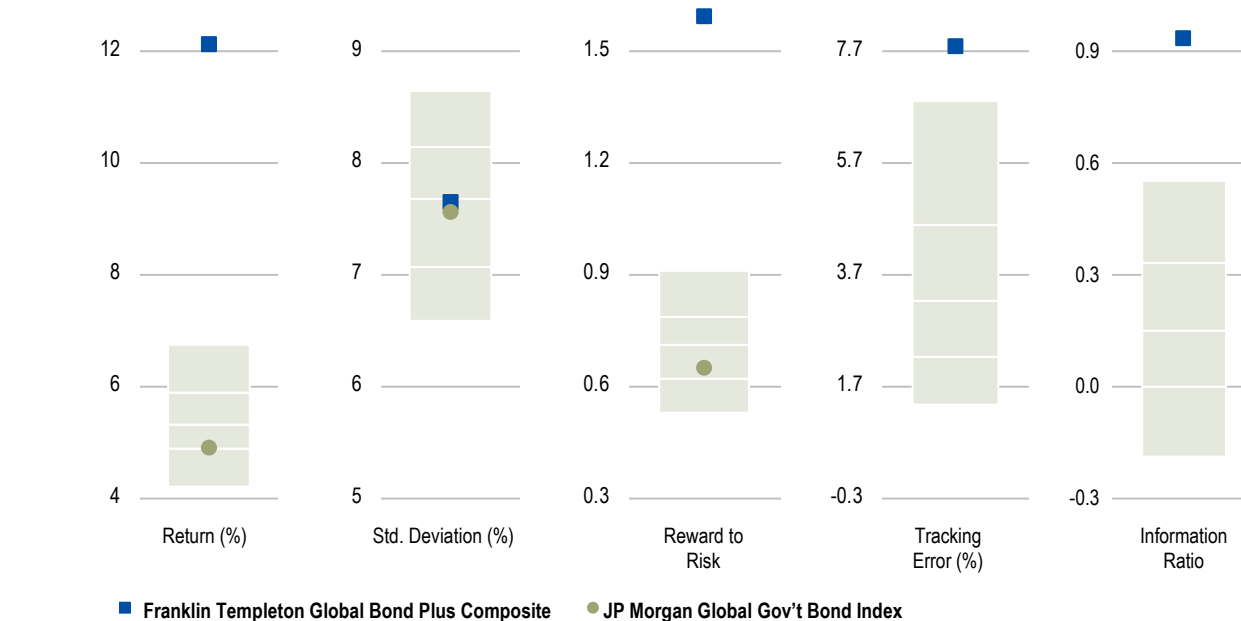
Past performance does not guarantee future results and may differ over future time periods.

## Franklin Templeton Global Bond Plus Composite Historical Results *(continued)*

### Superior Historical Risk-Adjusted Returns

#### Comparison with the Mercer Global Fixed Unhedged Universe

5-Year Period Ending March 31, 2010



	Franklin Templeton Global Bond Plus Composite	JP Morgan Global Gov't Bond Index
■	12.1	7.6
●	4.9	7.6
10th Percentile	6.7	8.6
Upper Quartile	5.9	8.1
Median	5.3	7.7
Lower Quartile	4.9	7.1
90th Percentile	4.2	6.6
# of Observations	75	75

Source: Mercer Investment Consulting. The peer universe includes unaffiliated institutional asset managers that manage similar mandates. The Franklin Templeton rankings may not be representative of any individual client's experience, as it is based on a composite that includes multiple accounts. Results for other historical time periods may vary. Information was calculated based on gross of fees performance. Management fees will reduce an investor's return.

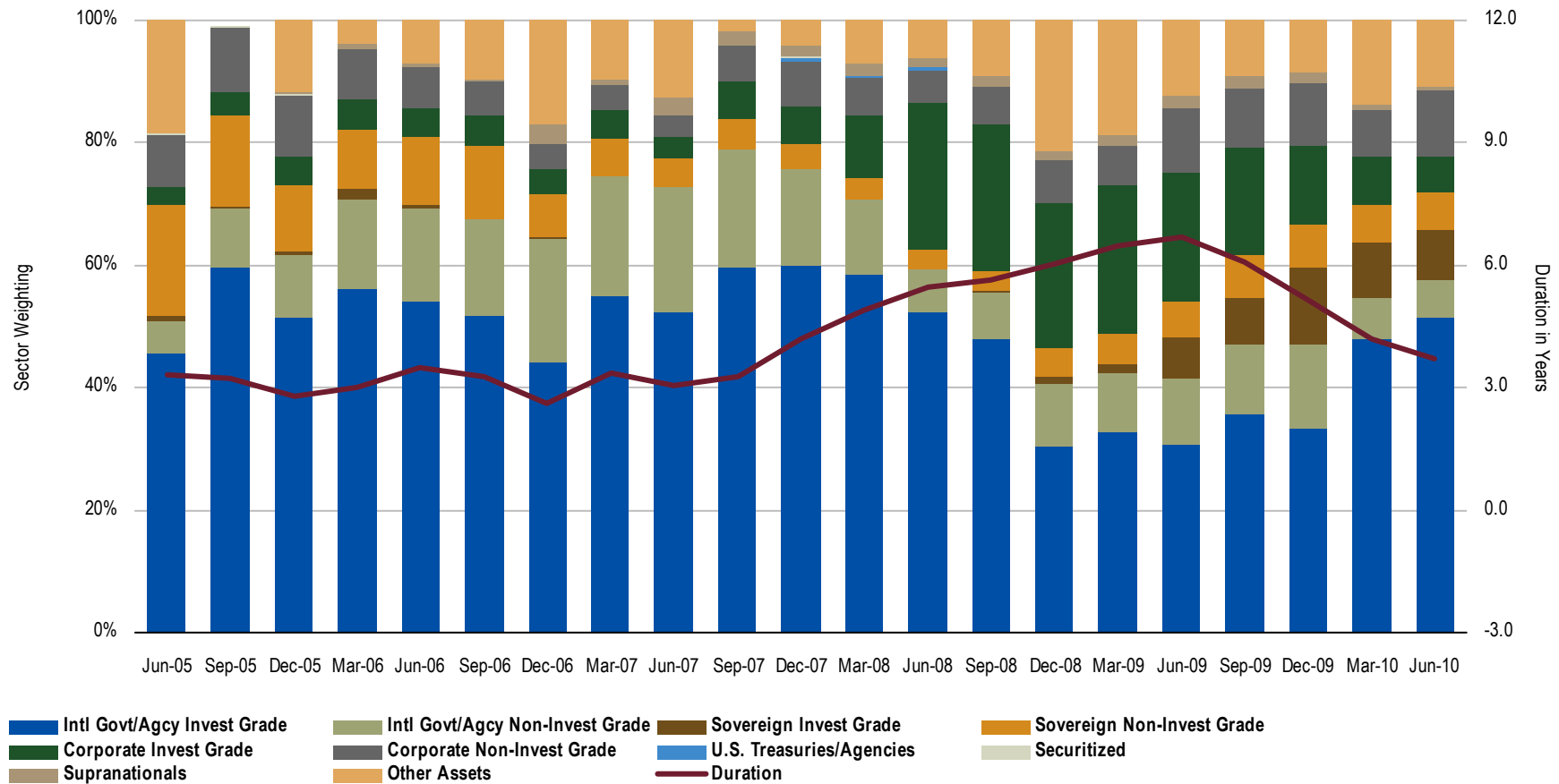
Information is supplemental to the Historical Performance page and the accompanying full performance presentation prepared in accordance with the Global Investment Performance Standards (GIPS®). Please also see the Important Information page in the Appendix.

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

### Sector and Duration Strategy

#### Franklin Templeton Global Multisector Plus Representative Account<sup>1</sup>

As of June 30, 2010



1. Sector and duration strategies may change depending on factors such as market and economic conditions. The information is historical and may not reflect current or future portfolio characteristics.

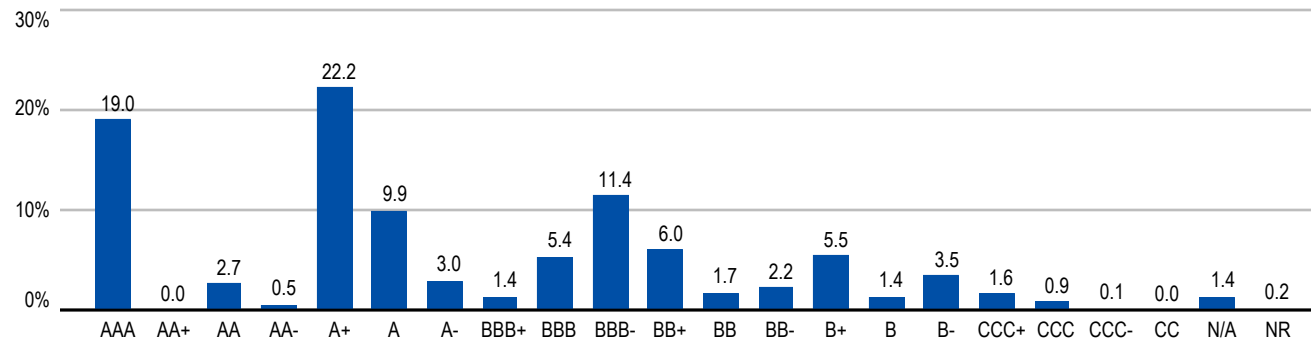
## Portfolio Characteristics

### Franklin Templeton Global Multisector Plus Representative Account vs. Barclays Capital Multiverse Index

As of June 30, 2010

	Portfolio	Index
Weighted Average Credit Quality	A-	AA
Average Duration	3.7 Yrs	5.4 Yrs
Average Life	5.2 Yrs	7.2 Yrs
Yield to Maturity	6.5%	2.8%
Yield to Worst	6.5%	2.8%
Current Yield	6.3%	3.8%

## Quality Allocation



Based on a representative account of the Franklin Templeton Global Multisector Plus Composite. Individual accounts within the Franklin Templeton Global Multisector Plus Composite may vary due to a variety of factors, such as account size, the specific investment guidelines and restrictions applicable to an account, and the inception date of the account.

Percentage may not total 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

Indexes are unmanaged and one cannot invest directly in an index.

Yield to Maturity figures quoted should not be used as an indication of the income to be received.

The letter ratings are provided to indicate the credit worthiness of the underlying bonds in the portfolio and generally range from AAA (highest) to D (lowest).

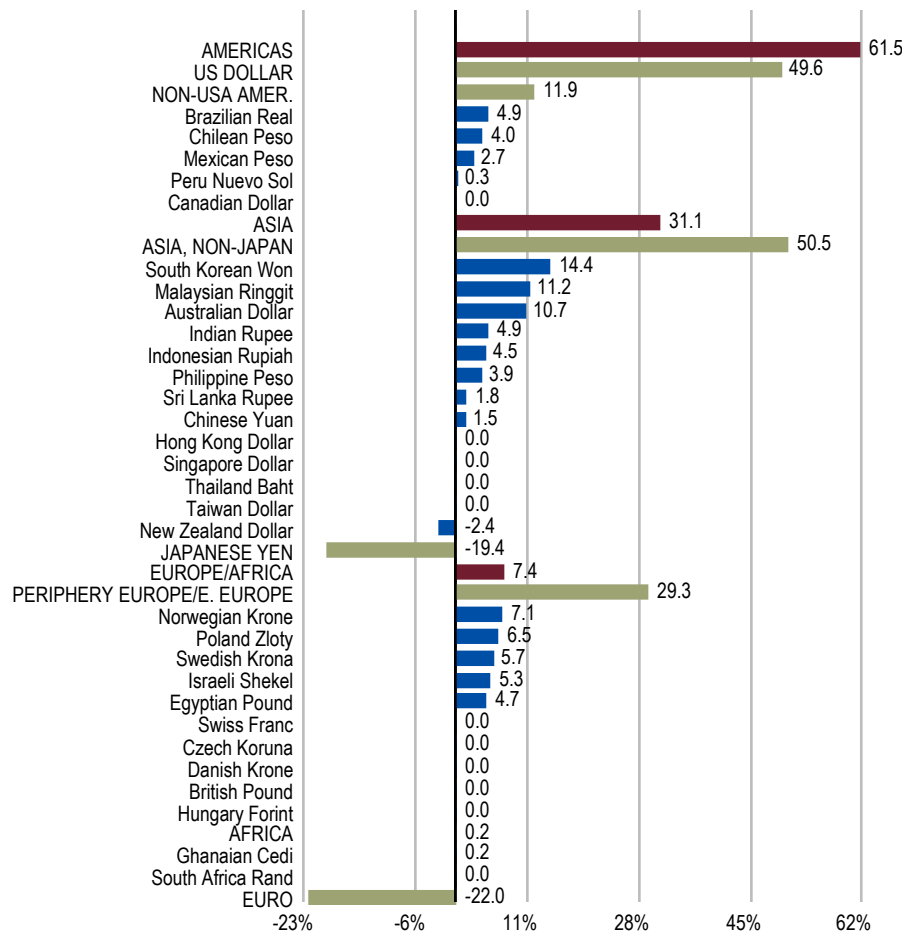
The Quality Allocation bar chart may include securities that are not rated (N/R) and securities not covered by a ratings agency. The N/A category may encompass negative cash, net currency forwards, negative derivative (market value), and items with null quality (e.g., unrated cash equivalents).

### Currency Allocation

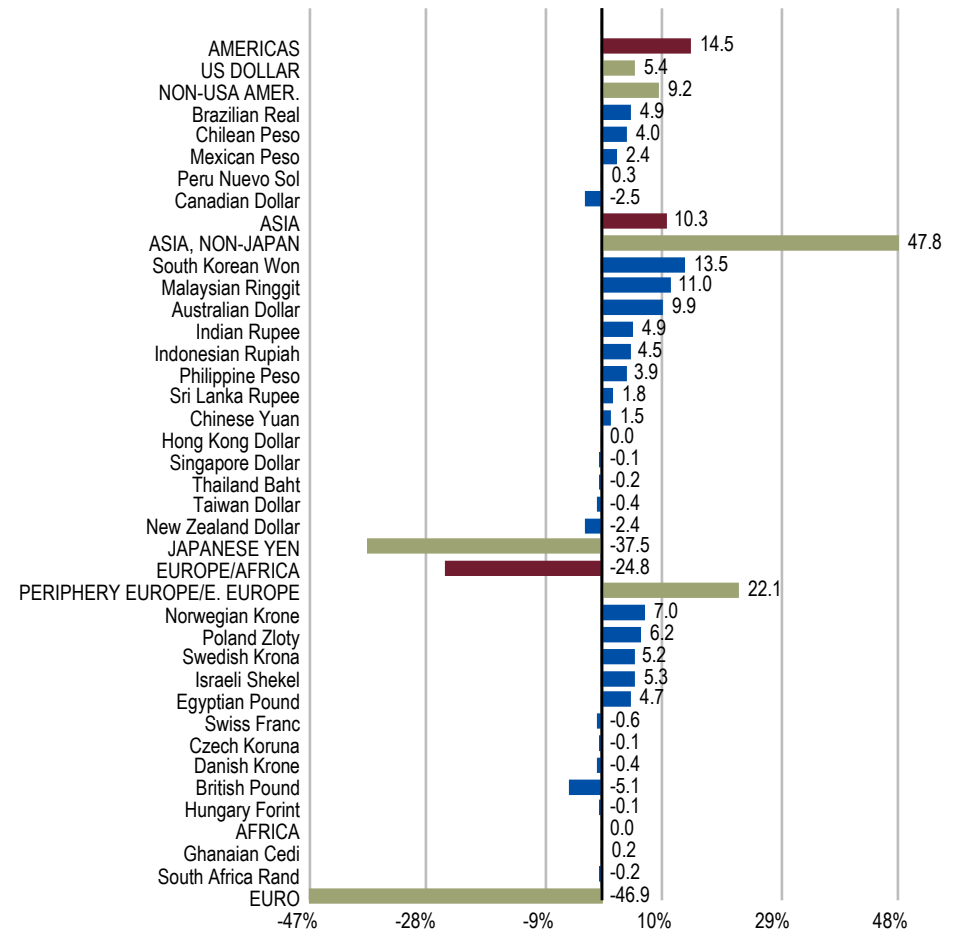
#### Franklin Templeton Global Multisector Plus Representative Account vs. Barclays Capital Multiverse Index

As of June 30, 2010

#### Currency Allocation



#### Benchmark Deviations



Based on a representative account of the Franklin Templeton Global Multisector Plus Composite. Individual accounts within the Franklin Templeton Global Multisector Plus Composite may vary due to a variety of factors, such as account size, the specific investment guidelines and restrictions applicable to an account, and the inception date of the account.

Weightings as percent of total. Percentage may not total 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

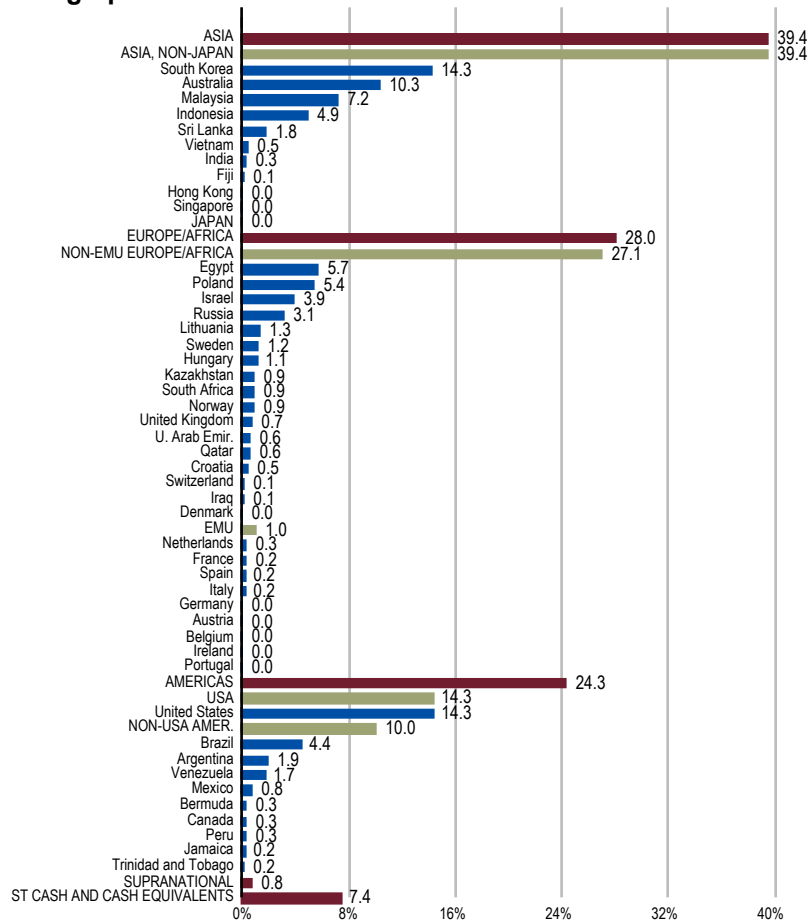
Indexes are unmanaged and one cannot invest directly in an index.

## Geographic Allocation

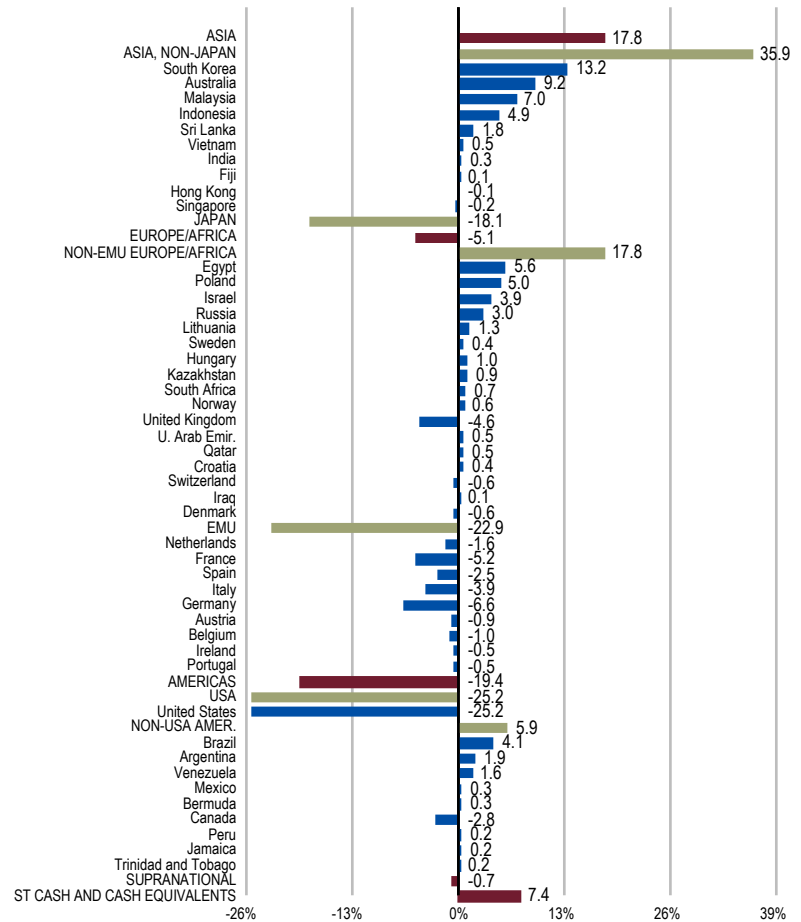
### Franklin Templeton Global Multisector Plus Representative Account vs. Barclays Capital Multiverse Index

As of June 30, 2010

#### Geographic Allocation



#### Benchmark Deviations



Based on a representative account of the Franklin Templeton Global Multisector Plus Composite. Individual accounts within the Franklin Templeton Global Multisector Plus Composite may vary due to a variety of factors, such as account size, the specific investment guidelines and restrictions applicable to an account, and the inception date of the account.

Weightings as percent of total. Percentage may not total 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

Indexes are unmanaged and one cannot invest directly in an index.

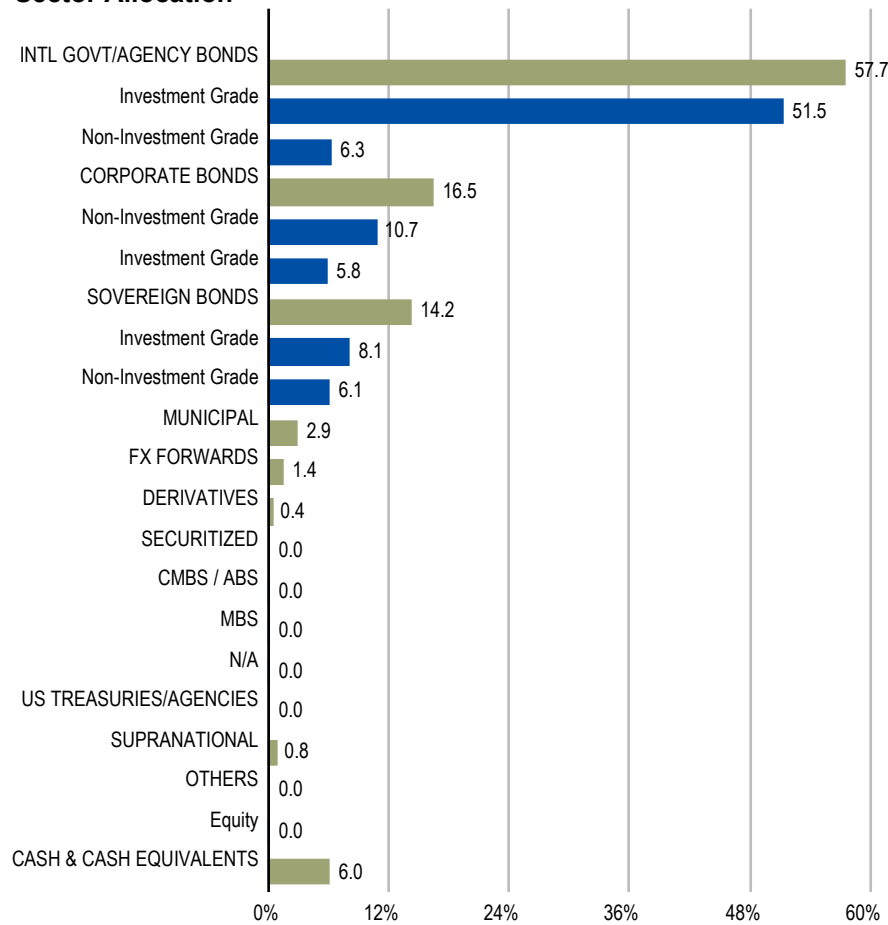


### Sector Allocation

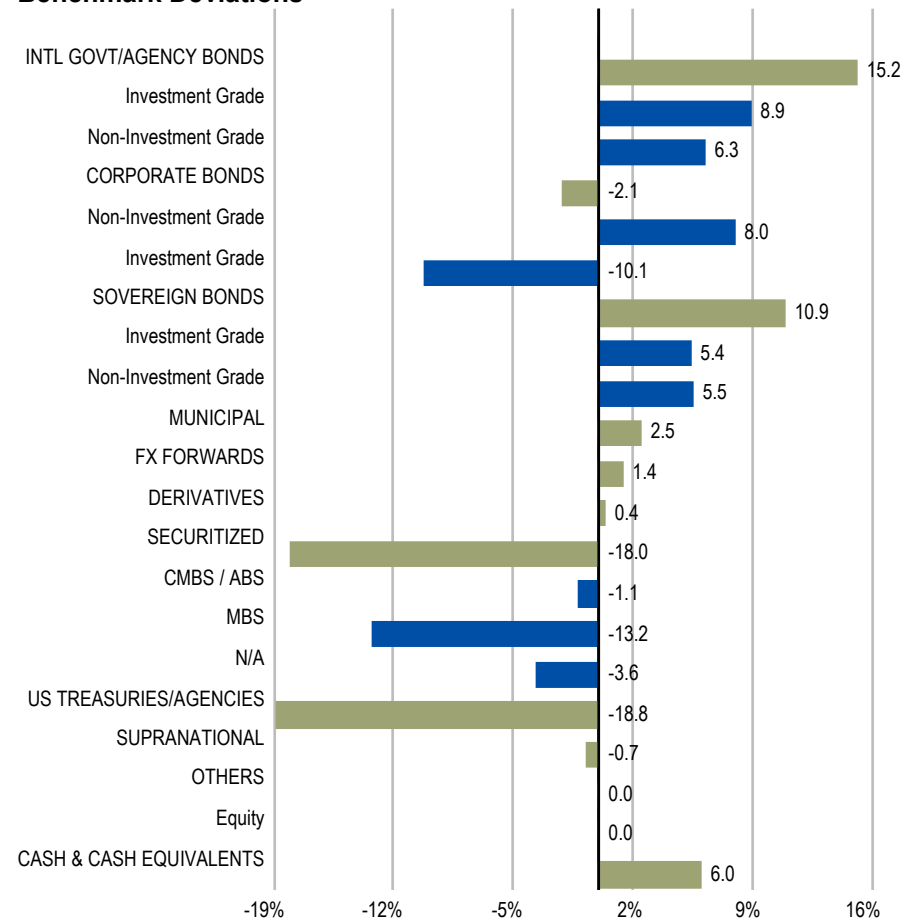
#### Franklin Templeton Global Multisector Plus Representative Account vs. Barclays Capital Multiverse Index

As of June 30, 2010

#### Sector Allocation



#### Benchmark Deviations



Based on a representative account of the Franklin Templeton Global Multisector Plus Composite. Individual accounts within the Franklin Templeton Global Multisector Plus Composite may vary due to a variety of factors, such as account size, the specific investment guidelines and restrictions applicable to an account, and the inception date of the account.

Weightings as percent of total. Percentage may not total 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

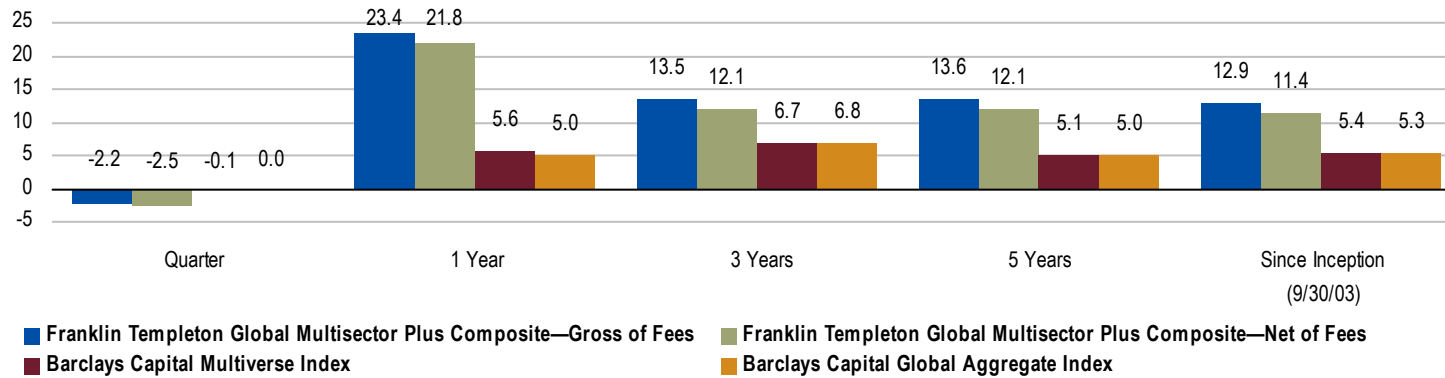
Indexes are unmanaged and one cannot invest directly in an index.

## Historical Performance

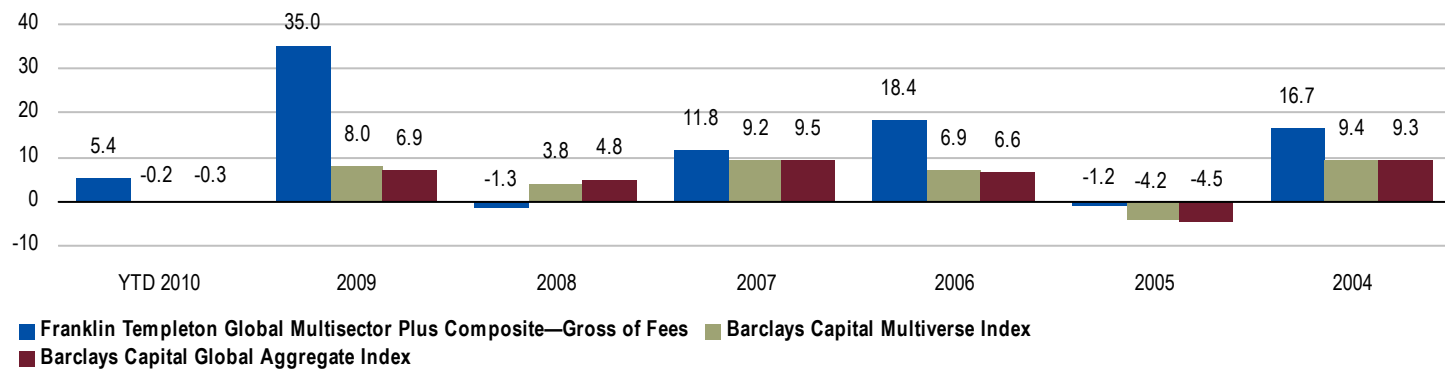
### Franklin Templeton Global Multisector Plus Composite

As of June 30, 2010

#### Average Annual Total Returns (USD%)



#### Calendar Year Returns (USD%)



Periods of more than one year are annualized.

Franklin is in compliance with the Global Investment Performance Standards (GIPS®) from the inception of the composite (9.30.03) to the present. Total returns are presented in U.S. dollars both gross and net of investment advisory fees, are inclusive of commissions and transaction costs, and assume reinvestment of any dividends, interest income, capital gains, or other earnings.

Please see accompanying full performance presentation prepared in accordance with GIPS®. Please also see the Important Information page in the Appendix.

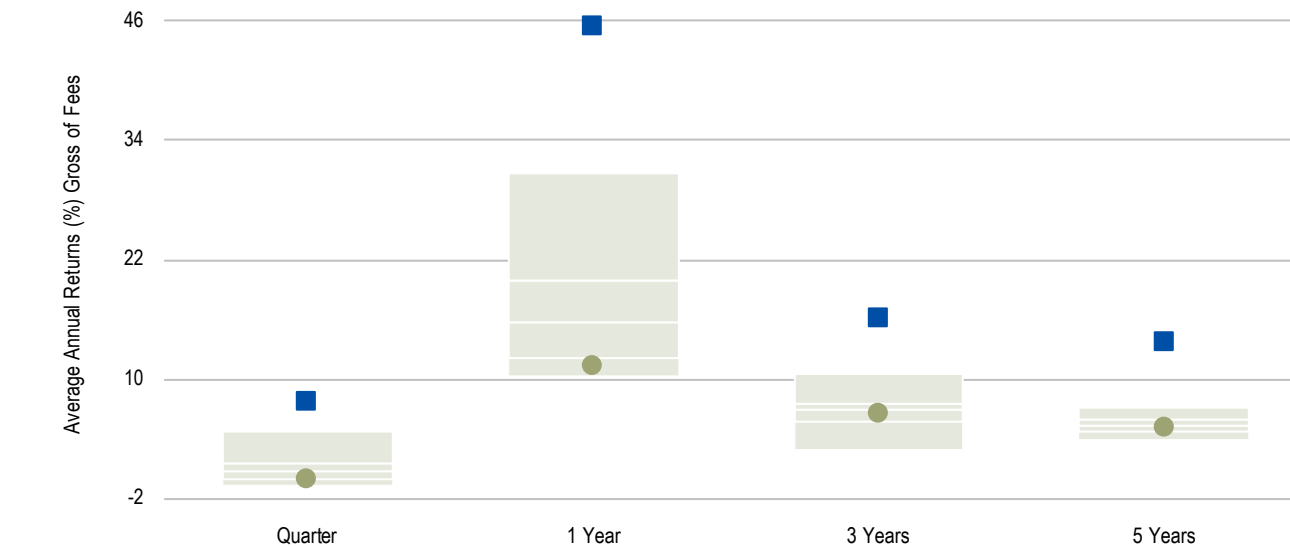
Past performance does not guarantee future results and may differ over future time periods.

## Franklin Templeton Global Multisector Plus Composite Historical Results

### Strong Historical Investment Performance

#### Comparison with the Mercer Global Fixed Unhedged Broad Market/Aggregate Universe

As of March 31, 2010



■ Franklin Templeton Global Multisector Plus Composite ● Barclays Capital Multiverse Index

	7.8	45.5	16.2	13.8
	-0.1	11.3	6.5	5.1
5th Percentile	4.7	30.7	10.5	7.1
Upper Quartile	1.5	19.9	7.6	5.9
Median	0.8	15.7	7.0	5.3
Lower Quartile	0.0	12.1	5.8	4.8
95th Percentile	-0.7	10.3	3.0	4.0
# of Observations	43	40	37	34

Source: Mercer Investment Consulting. The peer universe includes unaffiliated institutional asset managers that manage similar mandates. The Franklin Templeton rankings may not be representative of any individual client's experience, as it is based on a composite that includes multiple accounts. Results for other historical time periods may vary. Information was calculated based on gross of fees performance. Management fees will reduce an investor's return.

Information is supplemental to the Historical Performance page and the accompanying full performance presentation prepared in accordance with the Global Investment Performance Standards (GIPS®). Please also see the Important Information page in the Appendix.

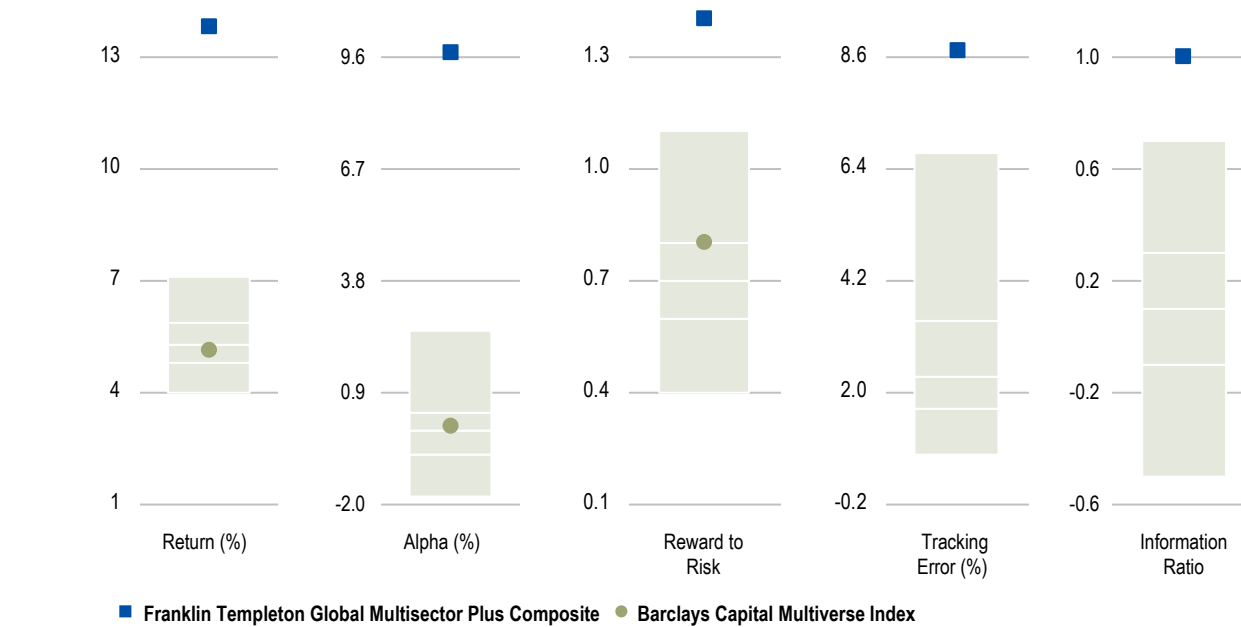
Past performance does not guarantee future results and may differ over future time periods.

## Franklin Templeton Global Multisector Plus Composite Historical Results *(continued)*

### Superior Historical Risk-Adjusted Returns

#### Comparison with the Mercer Global Fixed Unhedged Broad Market/Aggregate Universe

5-Year Period Ending March 31, 2010



	Franklin Templeton Global Multisector Plus Composite	Barclays Capital Multiverse Index
■	13.8	9.7
●	5.1	0.0
5th Percentile	7.1	2.5
Upper Quartile	5.9	0.4
Median	5.3	-0.1
Lower Quartile	4.8	-0.7
95th Percentile	4.0	-1.8
# of Observations	34	34

Source: Mercer Investment Consulting. The peer universe includes unaffiliated institutional asset managers that manage similar mandates. The Franklin Templeton rankings may not be representative of any individual client's experience, as it is based on a composite that includes multiple accounts. Results for other historical time periods may vary. Information was calculated based on gross of fees performance. Management fees will reduce an investor's return.

Information is supplemental to the Historical Performance page and the accompanying full performance presentation prepared in accordance with the Global Investment Performance Standards (GIPS®). Please also see the Important Information page in the Appendix.

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

## Franklin Templeton Global Fixed Income Team

### Portfolio Management—21 Professionals

Name	Title	Years Experience
Christopher Molumphy, CFA	Chief Investment Officer, Fixed Income	23
Michael Hasenstab, Ph.D.	Co-Director/Portfolio Manager, Global Fixed Income	15
John Beck	Co-Director/Portfolio Manager, Global Fixed Income	23
Canyon Chan, CFA	Portfolio Manager, Global Fixed Income	18
David Zahn, CFA	Portfolio Manager, Global Fixed Income	16
Warren Keyser	Portfolio Manager, Global Fixed Income	25
Robert Waldner, CFA	Portfolio Manager, Global Fixed Income	23
Vi-Minh Tran, CFA	Portfolio Manager, Global Fixed Income	15
Brian Henry, CFA	Institutional Portfolio Manager	20
William Ledward	Portfolio Manager, Emerging Market Debt	25
Claire Husson, CFA	Portfolio Manager, Emerging Market Debt	10
Nicholas Hardingham, CFA	Portfolio Manager, Emerging Market Debt	10
Stephen Dover, CFA <sup>1</sup>	International CIO/Portfolio Manager—Local Asset Management	27
Marco Freire <sup>1</sup>	Portfolio Manager, Brazilian/Latin American Fixed Income	6
Weimen Chang <sup>1,2</sup>	Portfolio Manager, China Joint Venture	14
Santosh Kamath <sup>1</sup>	Portfolio Manager, Indian Fixed Income	17
Sachin Desai <sup>1</sup>	Portfolio Manager, Indian Fixed Income	10
Umesh Sharma <sup>1</sup>	Portfolio Manager, Indian Fixed Income	10
Dong-il Kim, CFA <sup>1</sup>	Portfolio Manager, Korean/Asian Fixed Income	23
Jeong Suk Kim <sup>1</sup>	Portfolio Manager, Korean Fixed Income	15
Mohieddine Kronfol <sup>1,2</sup>	Portfolio Manager, Middle East/North African Fixed Income	14

### Product Managers—2 Professionals

Name	Title	Years Experience
Elsa Goldberg	VP, Senior Product Manager	14
Adam Grotzinger, CFA	VP, Senior Product Manager	6

### Research—15 Professionals

Name	Responsibilities	Years Experience
Sonal Desai, Ph.D.	Director of Research	16
Vivek Ahuja <sup>1</sup>	India/Asia	14
Jennifer Bousman	Central and Eastern Europe	10
Laura Burakreis	Middle East and Africa	23
Fatma Charwood	Emerging Markets	7
Calvin Ho, Ph.D.	Latin America, Europe, FX Models, Global Macro	5
Seung Beom Kim <sup>1</sup>	Korea	1
Ki Ram Moon <sup>1</sup>	Korea	<1
Min Ah Park <sup>1</sup>	Korea	5
Pallab Roy <sup>1</sup>	India	9
Isaac Salem	Latin America	3
Hyung-Cheol Shin, Ph.D.	Asia, Interest Rate Models, Global Macro	18
Kang Tan, Ph.D.	Asia, Global Macro	10
Diego Valderrama, Ph.D.	Dollar Bloc, UK, Global Macro	<1
Tony Zhang <sup>1,2</sup>	Asia	5

### Trading—5 Professionals

Name	Title	Years Experience
Philip Spires	Senior Trader	15
Michael Messmer	Senior Trader	9
Cristiano de Aguiar Vianna <sup>1</sup>	Trader, Brazil	9
Andre Maldonado <sup>1</sup>	Trader, Brazil	5
Matt Henry	Trader	3

1. Local Asset Management professional.

2. Individual is not an employee of Franklin Resources, Inc. (FRI) or a wholly owned subsidiary of FRI. However, this individual is part of our joint venture or strategic partnership relationships worldwide and is an integral component of our overall fixed income research efforts.

CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

As of 6.30.10.

## Fixed Income Policy Committee (FIPC)

Name	Responsibility	Years of Investment Experience	Years with Firm	Education
Christopher Molumphy, CFA	Chief Investment Officer, Co-Chair of FIPC	23	21	B.A., Stanford University; M.B.A., University of Chicago
Michael J. Materasso	Co-Chair of FIPC, U.S. Multisector	38	21	B.B.A., Baruch College
Sheila Amoroso	Municipals	24	24	M.B.A., College of Notre Dame
Roger Bayston, CFA	Mortgages & U.S. Multisector	24	18	B.S., University of Virginia; M.B.A., University of California, Los Angeles
John W. Beck	Global & European	23	20	M.A., Oxford University
Michael Hasenstab, Ph.D.	Global & Asian	15	11	Ph.D., Asia-Pacific School of Economics and Management at Australian National University
Richard Hsu, CFA	Bank Loans	14	13	M.A., Stanford University
Warren A. Keyser	U.S. Multisector & U.S. Low Duration	25	23	B.S., Philadelphia University
Marc Kremer, CFA	IG Credit	22	6	A.B., Vassar College; M.B.A., Duke University
William F. Ledward	Emerging Markets	25	13	M.A., D.Phil., Oxford University
Shawn Lyons, CFA	Money Markets & IG Credit	14	13	B.A., University of California, Berkeley
Ronald J. Sanchez, CFA	Municipals	23	16	B.S., C.W. Post College
Eric Takaha, CFA	High Yield & IG Credit	18	18	B.S., University of California, Berkeley; M.B.A., Stanford University
Robert B. Waldner, CFA	Global & U.S. Multisector	23	14	B.S., Princeton University
David Yuen, CFA, FRM	Quantitative	22	14	B.S., California Institute of Technology; M.B.A., University of California, Los Angeles
David Zahn, CFA	Global & European	16	4	B.S., University of Maine; M.B.A., University of Connecticut
<b>Average Years</b>		<b>22</b>	<b>16</b>	

**FIPC Contains Both Strategy Leaders and Sector Specialists**

## FTFI Global Bond/Multisector Team



### **CHRISTOPHER J. MOLUMPHY, CFA**

Executive Vice President  
Chief Investment Officer

Franklin Templeton Fixed Income  
San Mateo, California, United States

Christopher J. Molumphy is executive vice president and chief investment officer of the Franklin Templeton Fixed Income Group, a global fixed income platform that includes the Municipal, High Yield, Investment Grade, Money Market, Floating Rate and International Bond groups. He is portfolio manager of Franklin High Income Fund and Franklin Strategic Income Fund. Mr. Molumphy is also a member of the Franklin Templeton Investment Management Committee and the Franklin Resources Investment Committee.



### **MICHAEL J. MATERASSO**

Senior Vice President  
Co-Chair, Fixed Income Policy Committee

Franklin Templeton Fixed Income Group  
New York, New York, United States

Michael J. Materasso, senior vice president, is the lead strategist of U.S. Multi-Sector Institutional strategies, with a responsibility for U.S. Core and U.S. Core Plus. He is co-chair of the Fixed Income Policy Committee and a member of the Franklin Total Return Fund management team.



### **MICHAEL HASENSTAB, PH.D.**

Senior Vice President  
Portfolio Manager  
Co-Director, International Bond Department

Franklin Templeton Fixed Income Group  
San Mateo, California, United States

Dr. Michael Hasenstab, Ph.D., is senior vice president of Franklin Templeton Fixed Income Group and co-director of the group's international bond department, overseeing the global fixed income portfolio management team and investment strategies. In addition, he is a member of the group's Fixed Income Policy Committee and is a portfolio manager for a number of Franklin Templeton funds and institutional strategies. He has won numerous awards globally, including being named Top U.S. and Global Bond Fund Manager by Bloomberg Markets in 2009, Global Bond Manager of the Year by Investment Week in 2008 and Best Global Manager by Standard & Poor's/BusinessWeek in 2006.

## FTFI Global Bond/Multisector Team



**JOHN W. BECK**

Senior Vice President  
Co-Director, Global Fixed Income

Franklin Templeton Fixed Income Group  
London, England, United Kingdom

John W. Beck, Senior Vice President, Co-Director, and Portfolio Manager of Global Fixed Income in London for the Franklin Templeton Fixed Income Group, is responsible for managing portfolios for major institutions, comprising multinational pension funds and supranational organisations. Mr. Beck is a member of the Fixed Income Policy Committee. Prior to joining the firm in 1990, Mr. Beck was with Saudi International Bank for three years. He holds an M.A. from Exeter College, Oxford University.



**DAVID ZAHN, CFA, FRM**

Senior Vice President  
Portfolio Manager

Franklin Templeton Fixed Income Group  
London, England, United Kingdom

David Zahn senior vice president, is responsible for managing the Global Aggregate and Euro Aggregate fixed income strategies. He is a member of the Fixed Income Policy Committee and is a portfolio manager for many of the European Franklin Templeton fixed income funds.



**ELSA GOLDBERG**

Vice President

Senior Product Manager

Franklin Templeton Distributors, Inc.  
San Mateo, California, United States

Elsa Goldberg is a vice president and senior product manager responsible for Global Fixed Income strategies at Franklin Templeton Investments. Ms. Goldberg has over fourteen years of experience in the investment industry.

Prior to joining the Franklin Templeton Fixed Income Group in 2007, Ms. Goldberg worked at BNP Paribas Asset Management in Paris, France (2000-2006), where she served as senior product manager responsible for international equity products. Ms. Goldberg began her career at Exane BNP Paribas, Paris in 1996 as an equity sell-side analyst covering the insurance and banking sector. She also worked as a credit analyst for BNP Paribas in Athens, Greece.

Ms. Goldberg earned a bachelor's degree in econometrics from the University of Paris Pantheon-Sorbonne, and a master's degree in banks & finance from the University of Paris Pantheon-Assas. Ms. Goldberg is a certified European Financial Analyst. She holds NASD Series 7 and Series 63 licenses.

## Important Information

*Franklin claims compliance with the Global Investment Performance Standards (GIPS®). Please see accompanying full performance presentation prepared in accordance with Global Investment Performance Standards (GIPS®).*

Franklin (the "firm") encompasses the equity, fixed income and balanced accounts managed by Franklin Advisers, Inc., and related Franklin affiliates, including, effective January 1, 2007, the equity accounts managed by the institutional investment teams of Franklin Templeton Institutional, LLC under the former firm name of Fiduciary Global Advisors. The combined equity assets of Franklin and Fiduciary Global Advisors form the Franklin Equity Group (formerly Franklin Global Advisers prior to June 30, 2010) unit of Franklin. Effective January 1, 2006, the fixed income assets managed from that date forward by Franklin Templeton Institutional, LLC ("FTI") or its related affiliates (managed previously by Fiduciary Trust Company International - Institutional Division or "FTCI's Institutional Division") that went through the institutional portfolio review process were combined with the fixed income assets of Franklin to form the Franklin Templeton Fixed Income unit of Franklin. The primary reason for these changes to the firm definition was to consolidate equity and fixed income asset management for Franklin (as previously defined), Fiduciary Global Advisors (institutional equities) and FTCI's Institutional Division (institutional fixed income) under one firm, Franklin. Wrap-fee and non wrap-fee accounts managed by Franklin Portfolio Advisors (formerly the Franklin Private Client Group) are not included in the definition of the firm.

Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. As a firm with many mutual funds with unique investment objectives that are subject to varying regulatory requirements based on domicile of jurisdiction, Franklin considers many of its mutual funds to be single account composites, for which the objective is as stated in each respective fund's prospectus. To receive a complete list and description of Franklin composites (including any single account mutual fund composite) and/or a presentation that adheres to the GIPS® standards for any composite, contact your Franklin Templeton Institutional representative at 1.800.321.8563.

This publication is intended only as a general overview of the Franklin Templeton Global Bond Plus and Franklin Templeton Global Multisector Plus management team and philosophy and is for informational purposes only. It has been prepared solely for the use of the person to whom it has been delivered and may not be reproduced or used for any other purpose. For specific information on available fixed income products or services, please contact your local Franklin Templeton Institutional office.

The information contained in this piece is not a complete analysis of every material fact regarding the market and any industry sector, a security, or a portfolio. Statements of fact cited by the manager have been obtained from sources considered reliable but no representation is made as to the completeness or accuracy. Because market and economic conditions are subject to rapid change, opinions provided are valid only as of the date of the material. Portfolio holdings and the manager's analysis of these issuers, market sectors, and of the economic environment may have changed since the date of the material. The manager's opinions are intended solely to provide insight into how the manager analyzes securities and are not a recommendation or individual investment advice for any particular security, strategy, or investment product.

**This presentation contains certain performance and statistical information. There is no assurance that employment of any of the strategies will result in the intended targets being achieved. Past performance does not guarantee future results and may differ over future time periods.**

Indices are unmanaged and one cannot invest directly in an index. The performance of an individual portfolio may differ from that of a benchmark, representative account or composite included herein for various reasons, including but not limited to, the objectives, limitations or investment strategies of a particular portfolio. Management fees will reduce the rate of return on any particular account or portfolios.

All investments are subject to certain risks. Generally, investments offering the potential for higher returns are accompanied by a higher degree of risk. Bond prices are affected by interest rate changes. High-yield, lower-rated (junk) bonds generally have greater price swings and higher default risks. Foreign investing, especially in developing countries, has additional risks such as currency and market volatility and political or social instability.

This piece is intended for institutional investment management consultants or investors interested in institutional products and services available through Franklin Templeton Institutional and its affiliates. Various account minimums or other eligibility qualifications apply depending on the investment strategy or vehicle.

Effective with the third quarter of 2008, composite returns in base currency are translated to other currencies using London FX rates instead of New York rates for all time periods presented, which may result in revisions to multi-currency returns compared to what was previously reported for prior periods.

# Franklin Templeton Global Bond Plus Composite

## Performance Presentation

Calendar Years Unless Otherwise Indicated

All Returns and Asset Figures in USD

Year Ending	Composite Asset-Wtd		Benchmark	Assets as of End of Period				
	Total Gross Return Asset-Wtd	Total Net Return Asset-Wtd	JPM GBL Gov	Composite Assets (Millions)	Total Firm Assets (Millions)	% of Total Firm Assets	No of Portfolios (End of Period)	Equal-Wtd Standard Deviation
Year to Date*	6.52%	6.26%	-1.07%	58,514.84	329,903.04	17.74%	13	0.55%
12/31/2009	20.17%	18.94%	1.90%	45,172.24	303,263.81	14.90%	12	1.21%
12/31/2008	7.93%	6.73%	12.00%	22,367.08	223,631.99	10.00%	9	3.83%
12/31/2007	12.31%	11.01%	10.81%	18,686.07	279,142.59	6.69%	8	5/Fewer
12/31/2006	14.83%	13.51%	5.94%	10,108.26	229,905.87	4.40%	5/Fewer	5/Fewer
12/31/2005	-2.30%	-3.40%	-6.53%	5,742.29	183,756.89	3.12%	5/Fewer	5/Fewer
12/31/2004	15.72%	14.56%	10.11%	3,664.37	166,976.28	2.19%	5/Fewer	5/Fewer
12/31/2003	23.58%	22.42%	14.53%	2,287.68	145,887.18	1.57%	5/Fewer	5/Fewer
12/31/2002	20.52%	19.50%	19.37%	1,572.18	115,691.10	1.36%	5/Fewer	5/Fewer
12/31/2001	5.90%	5.00%	-0.79%	1,183.42	112,221.40	1.05%	5/Fewer	5/Fewer
12/31/2000	5.34%	4.43%	2.33%	1,229.33	109,144.60	1.13%	6	0.55%
12/31/1999	-1.10%	-1.96%	-5.07%	1,409.00	104,395.30	1.35%	7	2.62%
12/31/1998	6.49%	5.58%	15.30%	1,668.91	102,746.60	1.62%	7	0.73%
12/31/1997	2.99%	2.14%	1.41%	1,796.32	95,174.30	1.89%	7	0.51%
12/31/1996	12.28%	11.36%	4.39%	1,877.80	85,855.80	2.19%	7	1.17%
12/31/1995	17.91%	16.91%	19.30%	1,856.40	81,753.76	2.27%	7	1.79%

\* Year to Date reflects performance through 3/31/2010 and composite composition as of 3/31/2010

Page 1 of 4

CO9550

JPM GBL Gov: JP Morgan Global Government Bond

1. Franklin has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).
2. Please see notes to this performance presentation starting on page 2.
3. Past performance does not guarantee future results and may differ for future time periods.
4. Franklin has been verified for the periods from 31 December 2002 through 31 December 2008 by Independent Accountants. A copy of the verification report is available upon request. For the composites examined by Independent Accountants, performance figures and related information for the composite for periods prior to 31 December 2002, and returns for the benchmark for all periods are not covered by the Report of Independent Accountants.

## Disclosures:

---

- a. Franklin (the "firm") encompasses the equity, fixed income and balanced accounts managed by Franklin Advisers, Inc., and related Franklin affiliates, including, effective 1 January 2007, the equity accounts managed by the institutional investment teams of Franklin Templeton Institutional, LLC under the former firm name of Fiduciary Global Advisors. The combined equity assets of Franklin and Fiduciary Global Advisors form the Franklin Global Advisers unit of Franklin going forward. Effective 1 January 2006, the fixed income assets managed from that date forward by Franklin Templeton Institutional, LLC ("FTI") or its related affiliates (managed previously by Fiduciary Trust Company International - Institutional Division or "FTCI's Institutional Division") that went through the institutional portfolio review process were combined with the fixed income assets of Franklin to form the Franklin Templeton Fixed Income unit of Franklin. The primary reason for these changes to the firm definition was to consolidate equity and fixed income asset management for Franklin (as previously defined), Fiduciary Global Advisors (institutional equities) and FTCI's Institutional Division (institutional fixed income) under one firm, Franklin. Wrap-fee and non wrap-fee accounts managed by Franklin Portfolio Advisors (formerly the Franklin Private Client Group) are not included in the definition of the firm.

Figures for total firm assets are impacted by the changes to the firm definition effective 1 January 2006 and 1 January 2007, as firm assets for prior periods have not been restated. Total firm assets prior to 1 January 2006 are for Franklin prior to the inclusion of the fixed income assets from the predecessor firm, Fiduciary Trust Company International - Institutional Division. Total firm assets for calendar year 2006 include Franklin legacy equity assets plus Franklin Templeton Fixed Income, including both Franklin and Fiduciary legacy fixed income assets. Effective 1 January 2007, Franklin's assets also include the equity assets of the former firm Fiduciary Global Advisors, which were combined with Franklin's equity assets on that date to form the Franklin Global Advisers unit of Franklin.

- b. Composite Description - Franklin Templeton Global Bond Plus Composite consists of all portfolios managed on a fully discretionary basis with an investment objective that seeks to achieve above average total return by investing primarily in global government securities, with flexibility to have a significant exposure to Asia and to other emerging market countries. The portfolio may invest a portion in below investment grade bonds (rated BBB or below). The strategy regularly takes tactical exposure to various foreign currencies, including through the use of foreign currency forward contracts and, to a lesser degree, currency options. The strategy may use interest rate swaps, but does so only infrequently. The base currency of the composite is US Dollars. The inception date of the composite is 31 December 1993. The composite creation date is 30 September 2005. The performance returns for the composite are in compliance with GIPS® since 1 January 2000. Performance presented prior to that date is not in compliance as documentation supporting the inclusion of accounts in composites constructed prior to that date may not be readily available for some accounts. Eligible new accounts and eligible accounts that have changed to this mandate are added to the composite after one full month of performance, excluding any first partial month following inception or notification of mandate change. Accounts are removed from the composite if they breach the minimum account size for two consecutive months based on beginning market value for the month or if they become non-discretionary due to client-directed restrictions according to the firm's definition of what constitutes discretion. Prior to 1 January 2006, this composite was referred to as the Franklin Templeton Global Bond Composite.

- c. **Basis of Presentation and Calculation Methodology** - Total returns are both gross and net of investment advisory fees, are inclusive of commissions and transaction costs, and assume reinvestment of any dividends, interest income, capital gains or other earnings. Dividends, interest income, and capital gains are net of any applicable withholding taxes. Both gross and net performance results are time-weighted rates of return, including realized and unrealized gains and losses. Monthly composite returns are calculated by weighting each account's monthly return by its beginning market value as a percent of the total composite beginning market value. Quarterly and annual returns are calculated by linking the monthly returns through compounded multiplication. Returns for periods of less than one year are not annualized. For separate accounts, net performance reflects actual investment management fees charged, assessed quarterly in arrears. Net performance figures for pooled investment vehicles are based on net asset values for the primary share class (if applicable) before sales charges and have been reduced by investment management fees, administrative fees, and all other pooled vehicle related expenses (the "total expense ratio"). Pooled investment vehicles may offer other share classes, which are subject to different fees and expenses, affecting their performance. Gross of fee returns for pooled investment vehicles are calculated by adding back 1/12 of the pooled investment vehicle's total annual expense ratio to the monthly returns which are based on the net asset values for the primary share class. The total expense ratio reflects the investment management fees, administrative fees and all other pooled vehicle-related expenses for the primary share class but do not include any sales charges. Account portfolios are valued daily at fair market value on a trade date basis, with adjustment for all cash flows, and market values include accrued income for fixed income securities. For some historical periods, valuations may have been monthly, with adjustment for cash flows on a day-weighted basis. Where market quotations are readily available, securities are valued thereon (using closing quotations when available), provided such quotations adequately reflect, in the judgment of the firm, the fair value of the securities. Positions for which no quotation is readily available are valued at fair market value using quotations from brokers or using Franklin Templeton's own assessment of fair market value based on fundamental analysis (earnings multiples, price to cash flow analysis), discounts from market prices of similar securities, or matrix pricing, among other methods. Securities not in the base currency of the portfolio have (since 1 September 2004) generally been valued using foreign exchange rates obtained through Reuters, using 4:00 PM (New York time) foreign exchange (FX) rates. Effective June 2006, Franklin began to revert to the use of London FX rates for selected separate accounts and, if approved by the respective boards, selected mutual funds (generally offshore funds), due to requests from clients and in order to move toward industry practice of utilizing London FX rates. Accounts in this composite may include accounts that have reverted to the use of London FX rates. Prior to 1 September 2004, rates were pulled from WM/Reuters at mid-day New York time for initial review, then FX rates were pulled in again at 3:30 PM EST. These rates were compared against the rates pulled in at mid-day and, if rates had moved by 1% or more, the 3:30 PM rates were used (rates prior to 1 September 2004 are referred to as "hybrid FX" rates). While valuations for individual security positions began using the New York close effective 1 September 2004, the asset-weighted composite calculation continued to use London close until 31 December 2004 for purposes of translating non-base account market values and returns for accounts in currencies other than the base currency of the composite before changing to the use of New York close on 1 January 2005. Effective 1 January 2008, the asset-weighted composite calculation reverted to using London close once again. For the period 31 December 2002 through 31 December 2008, Independent Accountants have examined this composite. **Past performance does not guarantee future results and may differ for future time periods.**
- d. **Description of Index** - The primary benchmark for this composite is the JP Morgan Global Government Bond Index. Returns for the benchmarks include income or dividends not adjusted for foreign withholding taxes and are based on foreign exchange rates established at the London close (or mid-day New York time). FX rates used by index vendors are obtained from their respective FX vendors and may differ slightly from the FX rates used by Franklin, which (effective 1 September 2004) for individual security valuations and effective 1 January 2005 for translating non-base account market values to the base currency of the composite) uses 4:00 PM (New York time) rates. Effective 1 January 2008, Franklin will be reverting to the use of London FX rates for translating non-base account market values to the base currency of the composite and for all multi-currency reporting, where the base currency returns of composites are translated into other currencies. The benchmark, which is not managed, is used for comparative purposes only and is provided to represent the investment environment existing during the time periods shown.
- e. **Minimum Account Size** - The minimum account size required to be included in this composite is USD \$1,000,000.

- f. Standard Fee Schedule - The standard investment management fee schedule has breakpoints depending on asset size, with the result that accounts with higher asset levels will pay a lower fee. Investment management fees are negotiable, so some clients may be able to negotiate a fee that is less than the standard fee schedule at a given breakpoint. For pooled investment vehicles such as mutual funds that may be in the composite, the total expense ratio may higher than the standard fee schedule for separate accounts, depending on the total expenses for that vehicle which includes management fees, administrative fees, and other expenses. The fee schedule is presented in USD.

Breakpoints	Separate Accounts
First \$50,000,000	0.45%
Next \$50,000,000	0.35%
Over \$100,000,000	0.30%

- g. Measure of Dispersion - Dispersion represents the consistency of Franklin's results with respect to individual portfolio returns within the composite. The dispersion of annual returns is measured by the standard deviation of equal-weighted returns for those accounts that were in the composite for each full calendar year, or partial year for the most recent year-to-date. Dispersion is not meaningful when there are five or fewer accounts in a given year or time period, so is not presented for this composite for periods when this is applicable, in accordance with GIPS® guidelines.
- h. Additional Information - Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. As a firm with many mutual funds with unique investment objectives that are subject to varying regulatory requirements based on domicile of jurisdiction, Franklin considers many of its mutual funds to be single account composites, for which the objective is as stated in each respective fund's prospectus. To receive a complete list and description of Franklin composites (including any single account mutual fund composite) and/or a presentation that adheres to the GIPS® standards for any composite, contact your Franklin Templeton representative at 1.800.321.8563.

# FT Global Multi Sector Plus Composite

## Performance Presentation

Calendar Years Unless Otherwise Indicated

All Returns and Asset Figures in USD

Year Ending	Composite Asset-Wtd		Benchmarks		Assets as of End of Period				
	Total Gross Return Asset-Wtd	Total Net Return Asset-Wtd	Bar Global Agg	Bar Multiverse	Composite Assets (Millions)	Total Firm Assets (Millions)	% of Total Firm Assets	No of Portfolios (End of Period)	Equal-Wtd Standard Deviation
Year to Date*	7.78%	7.47%	-0.27%	-0.12%	8,400.45	329,903.04	2.55%	5/Fewer	5/Fewer
12/31/2009	35.04%	33.28%	6.92%	8.05%	4,629.08	303,263.81	1.53%	5/Fewer	5/Fewer
12/31/2008	-1.31%	-2.58%	4.79%	3.76%	2,461.22	223,631.99	1.10%	5/Fewer	5/Fewer
12/31/2007	11.77%	10.29%	9.48%	9.23%	2,722.13	279,142.59	0.98%	5/Fewer	5/Fewer
12/31/2006	18.42%	16.86%	6.65%	6.91%	671.20	229,905.87	0.29%	5/Fewer	5/Fewer
12/31/2005	-1.19%	-2.50%	-4.48%	-4.14%	163.92	183,756.89	0.09%	5/Fewer	5/Fewer
12/31/2004	16.73%	15.22%	9.27%	9.44%	66.08	166,976.28	0.04%	5/Fewer	5/Fewer
12/31/2003 **	5.59%	5.25%	4.03%	4.14%	17.03	145,887.18	0.01%	5/Fewer	5/Fewer

\* Year to Date reflects performance through 3/31/2010 and composite composition as of 3/31/2010

\*\* Partial period represents data from 9/30/2003

Bar Global Agg: Barclays Capital Global Aggregate Index

Bar Multiverse: Barclays Capital Multiverse Index

1. Franklin has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).
2. Please see notes to this performance presentation starting on page 2.
3. Past performance does not guarantee future results and may differ for future time periods.
4. Franklin has been verified for the periods from 31 December 2002 through 31 December 2008 by Independent Accountants. A copy of the verification report is available upon request. For the composites examined by Independent Accountants, performance figures and related information for the composite for periods prior to 31 December 2002, and returns for the benchmark for all periods are not covered by the Report of Independent Accountants.

## Disclosures:

---

- a. Franklin (the "firm") encompasses the equity, fixed income and balanced accounts managed by Franklin Advisers, Inc., and related Franklin affiliates, including, effective 1 January 2007, the equity accounts managed by the institutional investment teams of Franklin Templeton Institutional, LLC under the former firm name of Fiduciary Global Advisors. The combined equity assets of Franklin and Fiduciary Global Advisors form the Franklin Global Advisers unit of Franklin going forward. Effective 1 January 2006, the fixed income assets managed from that date forward by Franklin Templeton Institutional, LLC ("FTI") or its related affiliates (managed previously by Fiduciary Trust Company International - Institutional Division or "FTCI's Institutional Division") that went through the institutional portfolio review process were combined with the fixed income assets of Franklin to form the Franklin Templeton Fixed Income unit of Franklin. The primary reason for these changes to the firm definition was to consolidate equity and fixed income asset management for Franklin (as previously defined), Fiduciary Global Advisors (institutional equities) and FTCI's Institutional Division (institutional fixed income) under one firm, Franklin. Wrap-fee and non wrap-fee accounts managed by Franklin Portfolio Advisors (formerly the Franklin Private Client Group) are not included in the definition of the firm.

Figures for total firm assets are impacted by the changes to the firm definition effective 1 January 2006 and 1 January 2007, as firm assets for prior periods have not been restated. Total firm assets prior to 1 January 2006 are for Franklin prior to the inclusion of the fixed income assets from the predecessor firm, Fiduciary Trust Company International - Institutional Division. Total firm assets for calendar year 2006 include Franklin legacy equity assets plus Franklin Templeton Fixed Income, including both Franklin and Fiduciary legacy fixed income assets. Effective 1 January 2007, Franklin's assets also include the equity assets of the former firm Fiduciary Global Advisors, which were combined with Franklin's equity assets on that date to form the Franklin Global Advisers unit of Franklin.

- b. Composite Description - Franklin Templeton Global Multi Sector Plus Composite consists of all portfolios managed on a fully discretionary basis with an investment objective that seeks to provide superior risk adjusted returns by identifying sources of high current income worldwide, while capitalizing on global interest rate and currency trends. Under normal market conditions, the composite will invest in a portfolio of fixed and floating rate debt securities and debt obligations of government, government-related, or corporate issuers worldwide (including the U.S.). The strategy regularly uses currency forwards and, on a less frequent basis, may use other derivatives such as interest rate futures, options, and swaps (including credit default swaps and total return swaps) for hedging purposes or for investment to control risk or assume tactical exposure to various foreign currencies or asset classes consistent with the investment objective. In addition, the firm regularly uses foreign currency forward contracts in conjunction with the normal settlement of security trades in currencies other than the base currency of each account. The base currency of the composite is USD. The inception date of the composite is 30 September 2003. The composite creation date is 15 December 2006. The performance returns for the composite are in compliance with GIPS® since the inception of the composite. Eligible new accounts and eligible accounts that have changed to this mandate are added to the composite after one full month of performance, excluding any first partial month following inception or notification of mandate change. Accounts are removed from the composite if they breach the minimum account size for two consecutive months based on beginning market value for the month or if they become non-discretionary due to client-directed restrictions according to the firm's definition of what constitutes discretion.



- c. **Basis of Presentation and Calculation Methodology** - Total returns are both gross and net of investment advisory fees, are inclusive of commissions and transaction costs, and assume reinvestment of any dividends, interest income, capital gains or other earnings. Dividends, interest income, and capital gains are net of any applicable withholding taxes. Both gross and net performance results are time-weighted rates of return, including realized and unrealized gains and losses. Monthly composite returns are calculated by weighting each account's monthly return by its beginning market value as a percent of the total composite beginning market value. Quarterly and annual returns are calculated by linking the monthly returns through compounded multiplication. Returns for periods of less than one year are not annualized. For separate accounts, net performance reflects actual investment management fees charged, assessed quarterly in arrears. Net performance figures for pooled investment vehicles are based on net asset values for the primary share class (if applicable) before sales charges and have been reduced by investment management fees, administrative fees, and all other pooled vehicle related expenses (the "total expense ratio"). Pooled investment vehicles may offer other share classes, which are subject to different fees and expenses, affecting their performance. Gross of fee returns for pooled investment vehicles are calculated by adding back 1/12 of the pooled investment vehicle's total annual expense ratio to the monthly returns which are based on the net asset values for the primary share class. The total expense ratio reflects the investment management fees, administrative fees and all other pooled vehicle-related expenses for the primary share class but do not include any sales charges. Account portfolios are valued daily at fair market value on a trade date basis, with adjustment for all cash flows, and market values include accrued income for fixed income securities. For some historical periods, valuations may have been monthly, with adjustment for cash flows on a day-weighted basis. Where market quotations are readily available, securities are valued thereon (using closing quotations when available), provided such quotations adequately reflect, in the judgment of the firm, the fair value of the securities. Positions for which no quotation is readily available are valued at fair market value using quotations from brokers or using Franklin Templeton's own assessment of fair market value based on fundamental analysis (earnings multiples, price to cash flow analysis), discounts from market prices of similar securities, or matrix pricing, among other methods. Securities not in the base currency of the portfolio have (since 1 September 2004) generally been valued using foreign exchange rates obtained through Reuters, using 4:00 PM (New York time) foreign exchange (FX) rates. Effective June 2006, Franklin began to revert to the use of London FX rates for selected separate accounts and, if approved by the respective boards, selected mutual funds (generally offshore funds), due to requests from clients and in order to move toward industry practice of utilizing London FX rates. Accounts in this composite may include accounts that have reverted to the use of London FX rates. Prior to 1 September 2004, rates were pulled from WM/Reuters at mid-day New York time for initial review, then FX rates were pulled in again at 3:30 PM EST. These rates were compared against the rates pulled in at mid-day and, if rates had moved by 1% or more, the 3:30 PM rates were used (rates prior to 1 September 2004 are referred to as "hybrid FX" rates). While valuations for individual security positions began using the New York close effective 1 September 2004, the asset-weighted composite calculation continued to use London close until 31 December 2004 for purposes of translating non-base account market values and returns for accounts in currencies other than the base currency of the composite before changing to the use of New York close on 1 January 2005. Effective 1 January 2008, the asset-weighted composite calculation reverted to using London close once again. For the period 31 December 2002 through 31 December 2008, Independent Accountants have examined this composite. **Past performance does not guarantee future results and may differ for future time periods.**
- d. **Description of Index** - The primary benchmark is the Barclays Capital Global Aggregate Index (formerly the Lehman Global Aggregate Index (Unhedged)). The secondary benchmark is the Barclays Capital Multiverse Index (formerly the Lehman Global Multiverse Index). Returns for the benchmarks include income or dividends not adjusted for foreign withholding taxes and are based on foreign exchange rates established at the London close (or mid-day New York time). FX rates used by index providers are obtained from their respective FX vendors and may differ slightly from the FX rates used by Franklin, particularly since index providers tend to use London close, whereas Franklin began to use New York close effective 1 September 2004. Beginning with the third quarter of 2008, Franklin reverted to the use of London FX rates for all time periods back to inception for converting composite base currency returns into other currencies and for reporting benchmark returns, in order to conform to more common industry practice. The benchmark, which is not managed, is used for comparative purposes only and is provided to represent the investment environment existing during the time periods shown.
- e. **Minimum Account Size** - The minimum account size required to be included in this composite is USD \$1,000,000.

- f. Standard Fee Schedule - The standard investment management fee schedule has breakpoints depending on asset size, with the result that accounts with higher asset levels will pay a lower fee. Investment management fees are negotiable, so some clients may be able to negotiate a fee that is less than the standard fee schedule at a given breakpoint. For pooled investment vehicles such as mutual funds that may be in the composite, the total expense ratio may be higher than the standard fee schedule for separate accounts, depending on the total expenses for that vehicle which includes management fees, administrative fees, and other expenses. The fee schedule is presented in USD.

Breakpoints	Separate Accounts
First \$50,000,000	0.45%
Next \$50,000,000	0.35%
Over \$100,000,000	0.30%

- g. Measure of Dispersion - Dispersion represents the consistency of Franklin's results with respect to individual portfolio returns within the composite. The dispersion of annual returns is measured by the standard deviation of equal-weighted returns for those accounts that were in the composite for each full calendar year, or partial year for the most recent year-to-date. Dispersion is not meaningful when there are five or fewer accounts in a given year or time period, so is not presented for this composite for periods when this is applicable, in accordance with GIPS® guidelines.
- h. Additional Information - Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. As a firm with many mutual funds with unique investment objectives that are subject to varying regulatory requirements based on domicile of jurisdiction, Franklin considers many of its mutual funds to be single account composites, for which the objective is as stated in each respective fund's prospectus. To receive a complete list and description of Franklin composites (including any single account mutual fund composite) and/or a presentation that adheres to the GIPS® standards for any composite, contact your Franklin Templeton representative at 1.800.321.8563.

# Templeton Institutional Global Equity Composite

## Performance Presentation

Calendar Years Unless Otherwise Indicated

All Returns and Asset Figures in USD

Year Ending	Composite Asset-Wtd		Benchmarks		Assets as of End of Period				
	Total Gross Return Asset-Wtd	Total Net Return Asset-Wtd	MSCI AC World	MSCI World	Composite Assets (Millions)	Total Firm Assets (Millions)	% of Total Firm Assets	No of Portfolios (End of Period)	Equal-Wtd Standard Deviation
Year to Date*	1.42%	1.31%	3.24%	3.35%	2,750.37	144,509.06	1.90%	25	0.40%
12/31/2009	31.74%	31.15%	35.41%	30.79%	2,519.05	142,835.82	1.76%	23	3.31%
12/31/2008	-41.17%	-41.42%	-41.85%	-40.33%	1,750.16	103,961.03	1.68%	20	2.00%
12/31/2007	10.87%	10.51%	12.18%	9.57%	2,908.90	221,660.97	1.31%	15	3.45%
12/31/2006	29.25%	28.84%	21.52%	20.64%	4,495.08	196,034.44	2.29%	12	1.18%
12/31/2005	11.07%	10.72%	11.36%	10.01%	1,644.73	158,423.56	1.04%	7	5/Fewer
12/31/2004	18.45%	18.06%	15.75%	15.25%	1,448.12	131,864.08	1.10%	6	1.26%
12/31/2003	38.45%	37.90%	34.63%	33.76%	931.64	102,154.83	0.91%	6	5/Fewer
12/31/2002	-16.90%	-17.21%	-18.98%	-19.54%	322.34	70,446.30	0.46%	5/Fewer	5/Fewer
12/31/2001	-7.24%	-7.65%	-15.91%	-16.52%	443.50	78,399.30	0.57%	5/Fewer	5/Fewer
12/31/2000	0.22%	-0.19%	-13.94%	-12.92%	563.96	92,132.90	0.61%	5/Fewer	5/Fewer

\* Year to Date reflects performance through 3/31/2010 and composite composition as of 3/31/2010

Page 1 of 4

CO6570

MSCI AC World: MSCI All Country World Index

MSCI World: MSCI World Index

1. Templeton has prepared and presented this report in compliance with the Global Investment Performance Standards®.
2. Templeton has been verified for the periods from 1 January 2005 to 31 December 2007 by Ernst & Young LLP. A copy of the verification report is available upon request. Prior to 1 January 2005, Templeton was verified by other Independent Accountants.
3. Returns for all benchmarks in the examination report are not covered by Ernst & Young LLP or the previous Independent Accountants.
4. Past performance does not guarantee future results and results may differ over future time periods.

## Disclosures:

---

- a. Firm Definition - Templeton (or the "firm") as defined encompasses the wholly owned investment management subsidiaries of Templeton Worldwide, Inc. with global, international, single country or regional, and emerging market equity investment objectives serving both retail and institutional clients. Wrap-fee and non wrap-fee accounts managed by Templeton Portfolio Advisors (formerly the Templeton Private Client Group) and foreign-domiciled investment advisory subsidiaries of Templeton Worldwide, Inc. that primarily offer only locally registered investment mandates or funds are not included in the definition of the firm. Each investment advisory subsidiary within Templeton employs the same bottom-up, value-oriented investment style whether managing global equity, non-U.S. equity, single country or regional equity, or emerging market equity mandates. Portfolio managers pursuing similar investment mandates share research, have equivalent access to Templeton's bargain and source of funds lists, and are subject to the same peer review process. Templeton believes that the performance shown is representative of its management style and relevant for consideration in selecting any individual investment advisory subsidiary comprising Templeton. Some of the individual investment advisory subsidiaries which comprise Templeton, however, may have limited or no accounts included in the composite.
- b. Composite Description - The Templeton Institutional Global Equity Composite consists of all discretionary tax-exempt institutional portfolios managed by Templeton with global equity investment objectives. Mutual funds (including private label mutual funds), commingled trusts, and other unitized funds are defined as single account composites due to variations in diversification rules, more frequent cash flows related to redemptions and subscriptions, and tax considerations. As a result, such accounts are not included in this composite, which consists of only separately managed institutional accounts. No account(s) in the composite use leverage or derivatives other than the use of forward foreign currency contracts in conjunction with the normal settlement of security trades in currencies other than the base currency of each account. As a result, leverage or derivatives do not have a material affect on returns. The base currency of the composite is US Dollars (USD). The inception date of the composite is 31 July, 1980. The composite creation date is 31 December, 2003. Prior to that date, Templeton included tax-exempt institutional accounts in the Templeton Tax-Exempt Global Equity Composite, which also includes tax-exempt individual global equity accounts. Composite performance results are in compliance with GIPS® since 1 January 1994. Eligible new accounts and eligible accounts that have changed to this mandate are added to the composite after two full calendar months of performance, excluding any first partial month following inception or notification of mandate change. Prior to 1 January 2006, the grace period for inclusion of new accounts in the composite was up to three full calendar months depending on the inception date for the account. Accounts are removed from the composite if there is a change in mandate, if notification of termination is received, or if accounts become non-discretionary due to client-directed restrictions according to the firm's definition of what constitutes discretion. Removal occurs as of the month-end prior to the date of notification of the change or termination.

- c. **Basis of Presentation** - Total returns are inclusive of commissions and transaction costs, are shown both gross and net of investment advisory fees, and assume reinvestment of any dividends, interest income, capital gains, or other earnings. Dividends, interest income, and capital gains are net of any applicable withholding taxes. Both gross and net performance results for the underlying accounts in the composite are time-weighted rates of return, including realized and unrealized capital gains and losses. Account portfolios are valued daily at fair market value on a trade date basis, with adjustment for all cash flows, and market values include accrued income for fixed income securities. Securities not in the base currency of the portfolio have (since 1 September 2004) generally been valued using foreign exchange rates obtained through Reuters, using 4:00 PM (New York time) foreign exchange (FX) rates. Effective June 2006, Templeton began to revert to the use of London FX rates when valuing positions in non-base currencies for selected accounts, due to requests from clients and in order to move toward industry practice of utilizing London FX rates. As a result, accounts in this composite may include accounts where security positions are valued using London FX rates. Prior to 1 September 2004, rates were pulled from WM/Reuters at mid-day New York time (corresponding to London close) for initial review, then FX rates were pulled in again at 3:30 PM New York time. These rates were compared against the rates pulled at mid-day and, if rates had moved by 1% or more, the 3:30 PM rates were used (rates prior to 1 September 2004 are referred to as "hybrid FX" rates). Composite returns are calculated monthly by weighting each accounts monthly return by its beginning market value as a percent of the total composite beginning market value. Historically, New York foreign exchange rates (or, prior to 1 September 2004, hybrid FX rates) were used for converting market values and rates of return of accounts where the base currency for the accounts is different from the base currency of the composite. Beginning 1 January 2008, Templeton reverted to using London FX rates for converting non-base currency accounts to the base currency of the composite. For separate accounts, net performance is reduced by investment management fees. Returns for periods less than one year are not annualized. Templeton Institutional Global Equity Composite has been examined for the periods 1 January 2005 to 31 December 2007 by Ernst & Young LLP. Prior to 1 January 2005, another Independent Accountant examined this composite. **Past performance does not guarantee future results and results may differ over future time periods.**
- d. **Description of Index** - The primary benchmark for this composite is the MSCI All Country World Index. This benchmark includes some emerging market countries, which is consistent with the investment style of the composite. Returns for the MSCI World Index (which does not include emerging market countries) are also provided as supplemental information. The benchmarks were changed on 31 March 2002 (previously the MSCI World Index was deemed to be the primary index) to better reflect the composite style, which does not include an allocation to emerging markets. Returns for the benchmarks include dividends not adjusted for foreign withholding taxes (the "gross of dividends" series of MSCI) and are based on foreign exchange rates established at mid-day New York time (equivalent to the London close). FX rates used by index providers are obtained from their respective FX vendors and may differ slightly from the FX rates used by Templeton, particularly since index providers tend to use London close, whereas Templeton began to use New York close effective 1 September 2004. Beginning 1 January 2008, Templeton reverted to the use of London FX rates for all time periods back to inception for converting composite base currency returns into other currencies and for reporting benchmark returns, in order to conform to more common industry practice. The benchmark is used for comparative purposes only and is provided to represent the investment environment existing during the periods shown.
- All MSCI data is provided "as is". The composite 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 composite described herein. Copying or redistributing MSCI data is strictly prohibited.
- e. **Equal-Weighted Standard Deviation** - Templeton utilizes equal-weighted standard deviation as a measure of internal dispersion, representing the consistency of the firm's results with respect to the individual portfolio returns within the composite. The calculation of the equal-weighted standard deviation is done only for those accounts that were present in the composite for each full calendar year or for the full partial period for the most recent year-to-date (if applicable). Dispersion is not meaningful when there are five or fewer accounts for the full year, so it is not presented for such applicable periods, in accordance with GIPS® guidelines.

- f. **Standard Fee Schedule** - The standard investment management fee schedule has breakpoints depending on asset size, with the result that accounts with higher asset levels will typically pay a lower fee. The actual investment management fees for any separate account will be set forth in a written investment management agreement between the client and the investment manager. The methodology for calculating returns gross and net of fees for separate accounts is described in the Basis of Presentation footnote above. The fees used in calculating the net performance in the composite may be different than the current investment management fee schedule for separate accounts. The current standard fee schedule for investment management fees applicable to separate accounts for this investment strategy is presented below in USD and is subject to change.

Breakpoints	Separate Accounts
First \$25,000,000	0.70%
Next \$25,000,000	0.55%
Next \$50,000,000	0.50%
Over \$100,000,000	0.40%

- g. **Minimum Account Size** - There is no minimum account size required to be included in this composite.
- h. **Additional Information** - Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. As a firm with many mutual funds with unique investment objectives that are subject to varying regulatory requirements based on domicile of jurisdiction, Templeton considers many of its mutual funds to be single account composites, for which the objective is as stated in each respective mutual fund's prospectus. To receive a complete list and description of Templeton composites (including any single account mutual fund composite) and/or a presentation that adheres to the GIPS® standards for any composite, contact your Franklin Templeton representative at 1.800.321.8563.