



FRANKLIN TEMPLETON INVESTMENTS

FRANKLIN INCOME FUND

A SUB-FUND OF FRANKLIN TEMPLETON INVESTMENT FUNDS

31 December 2010

INVESTMENT OBJECTIVE

The Fund aims to maximise income while maintaining prospects for capital appreciation by investing primarily in equity securities and long & short-term debt securities. The Fund may invest up to 25% of its net assets in non-U.S. securities.

FUND MANAGER

Edward Perks

FUND DATA

Fund Inception Date: 1 Jul 1999

A(Mdis)USD: 1 Jul 1999

B(Mdis)USD: 14 May 2001

Base Currency of Fund: USD

Fund size: USD 673 million

Net Asset Value as of: 31 Dec 2010

A(Mdis)USD: USD 11.41

B(Mdis)USD: USD 10.95

High/Low NAV: A(Mdis)USD

1 Year High: USD 11.43 5 Nov 2010

1 Year Low: USD 10.25 21 May 2010

LAST DIVIDEND PAID

	DIVIDEND AMOUNT	EX-DIVIDEND DATE
A(Mdis)USD	USD 0.050	8 Dec 2010
B(Mdis)USD	USD 0.035	8 Dec 2010

DIVIDEND YIELD²

A(Mdis)USD: 5.26%

B(Mdis)USD: 3.84%

FEES

	INITIAL SALES CHARGE	SERVICING CHARGE
A shares	Up to 5.00%	N/A
B shares	N/A	Up to 1.06%
	MANAGEMENT FEE	MAINTENANCE CHARGE
A shares	0.85%	Up to 0.50%
B shares	0.85%	Up to 0.75%

FUND RATINGS

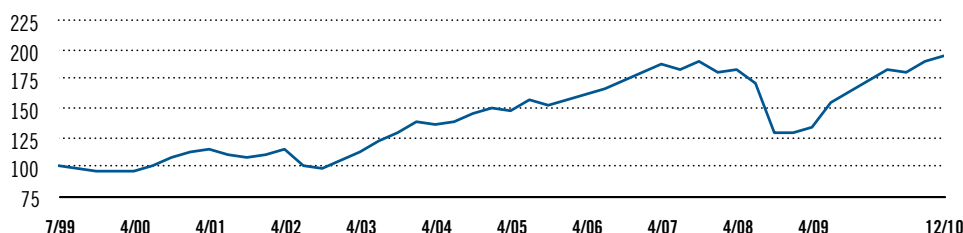
Morningstar™ Overall Rating:³ ★★★★★

CODES

	ISIN	BLOOMBERG
A(Mdis)USD	LU0098860793	TEMFIAILX
B(Mdis)USD	LU0128532388	TEMFIBILX

- The Fund may invest in non-investment grade debt securities, and as a result may be subject to liquidity and counterparty default risks.
- The Fund's value may be affected by exchange control regulations and changes in exchange rates.
- This investment involves risks which may result in loss of part or entire amount of your investment.
- Before you decide to invest, you should make sure the intermediary has explained to you that the fund is suitable to you.
- Investors should not only base on this marketing material alone to make investment decisions.

TOTAL PERFORMANCE SINCE LAUNCH - A(MDIS)USD



CUMULATIVE PERFORMANCE % (DIVIDENDS RE-INVESTED)

	YTD	3-MO	1-YR	3-YR	5-YR	10-YR	SINCE LAUNCH
A(Mdis)USD	11.72	4.65	11.72	5.12	26.64	72.40	94.48
50% S&P 500/50% Barclays Capital US Aggregate Index	11.21	4.61	11.21	6.15	24.17	47.65	55.04

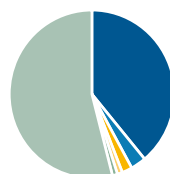
CALENDAR YEAR PERFORMANCE % FOR A(MDIS)USD (DIVIDENDS RE-INVESTED)

2010	2009	2008	2007	2006
11.72	34.42	-30.00	3.60	16.28

PORTFOLIO COMPOSITION (% OF TOTAL)¹

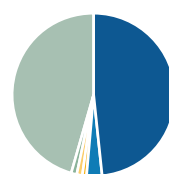
EQUITY	FIXED INCOME	CASH	3-YR ANNUALIZED STANDARD DEVIATION	AVG. DURATION	WEIGHTED AVERAGE P/E RATIO
46.12%	53.64%	0.24%	17.40	4.23 Yrs	5.33

EQUITY ALLOCATION¹



United States	39%
United Kingdom	3%
Switzerland	2%
Canada	1%
Australia	1%
Fixed Income	54%

FIXED INCOME ALLOCATION¹



United States	49%
United Kingdom	3%
Switzerland	1%
Canada	1%
Others	1%
Equity	46%

Source: Franklin Templeton Investments and Standard and Poor's Investment Services, in Fund Currency, NAV to NAV, taking into account of reinvestments and capital gain or loss. Performance information is based on A(Mdis)USD Shares only.

TOP 5 HOLDINGS (31 DECEMBER 2010)

HOLDINGS	COUNTRY	INDUSTRY	%
Texas Competitive Electric Holdings Co. LLC, senior note, A, 10.25%, 11/01/15	United States	Utilities	2.13
CIT Group Inc., senior secured sub. bond, 7.00%, 5/01/16	United States	Banks	1.99
Exxon Mobil Corp.	United States	Energy	1.85
Wells Fargo & Co.	United States	Banks	1.83
The Southern Co.	United States	Utilities	1.82

FOR MORE INFORMATION, PLEASE VISIT US AT: www.franklintempleton.com.hk

1. Due to rounding, the sum of portfolio may not equal 100%. 2. Dividend yield is calculated by: (latest monthly dividend amount*12)/ month-end NAV. 3. Source: © 2010 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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