

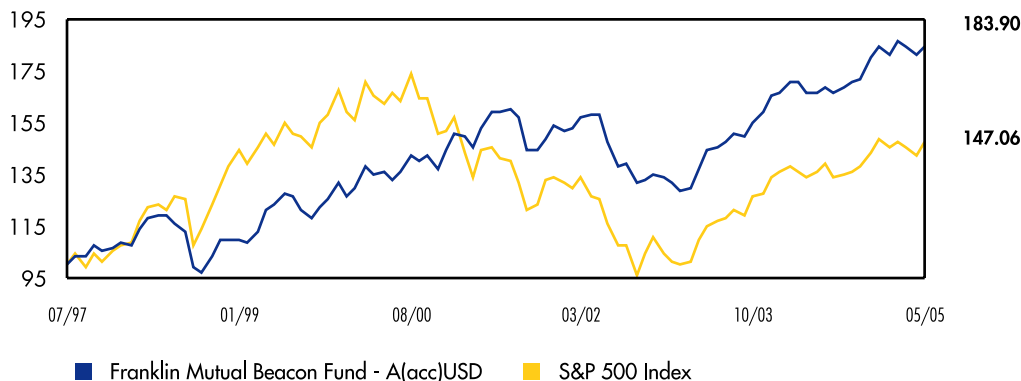


Franklin Mutual Beacon Fund

Franklin Templeton Investment Funds (Luxembourg Registered SICAV)

31 May 2005

Total Performance Since Launch (US dollar)^{1, 2}



Investment objective

Long-term capital appreciation and a reasonable and growing level of income primarily by investing in U.S. equity securities with no more than 30% of the Fund's net assets invested in securities of non-U.S. issuers.

Fund Manager and Location

Peter Langerman, New Jersey, United States
Anne Gudefin, London, United Kingdom

Base Currency of Fund US dollar

Fund size \$1,874.08 million

Date of Fund Launch 7 July 1997

A(dis)USD 20 December 2004

A(acc)USD 22 June 2001

A(acc)EUR 31 December 2001

I(acc)USD 31 August 2004

Fund Index

S&P 500 Index

S&P Sector

Equity - Global

Net Asset Value as of 31 May 2005

| | |
|-----------|---------|
| A(dis)USD | \$43.48 |
| A(acc)USD | \$43.48 |
| A(acc)EUR | €35.36 |
| I(acc)USD | \$10.99 |

Share Class Initial Sales Charge Annual Charge⁴

| | | |
|-----------|-------|-------|
| A(acc)USD | 5.00% | 1.50% |
| A(acc)EUR | 5.00% | 1.50% |
| A(dis)USD | 5.00% | 1.50% |
| I(acc)USD | 0.00% | 0.70% |

Share Class SEDOL ISIN

| | | |
|-----------|---------|--------------|
| A(dis)USD | B051D31 | LU0208291251 |
| A(acc)USD | 5197792 | LU0070302665 |
| A(acc)EUR | 7246948 | LU0140362707 |
| I(acc)USD | B020F68 | LU0195949986 |

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Cumulative Performance % (Dividends re-invested)^{1, 3}

| | YTD | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years | 10 Years | Since Launch | 3 Year Volatility |
|-------------|-------|---------|----------|----------|--------|---------|---------|----------|--------------|-------------------|
| A(acc)USD | -0.32 | 1.59 | -1.45 | 2.07 | 10.81 | 16.29 | 35.90 | - | 83.90 | 9.93 |
| I(acc)USD | 0.00 | 1.67 | -1.26 | 2.52 | - | - | - | - | 9.90 | - |
| Index | -0.92 | 3.15 | -0.49 | 2.47 | 8.16 | 17.70 | -9.31 | 163.38 | 47.06 | 14.44 |
| S&P Sec Avg | -2.55 | 1.26 | -4.23 | 0.61 | 10.13 | 21.28 | -7.30 | - | 27.23 | 15.20 |

Discrete Annual Performance to 31 March - Quarter 1 % (Dividends re-invested)

| | 2005 | 2004 | 2003 | 2002 | 2001 |
|-----------|------|-------|--------|------|------|
| A(acc)USD | 8.28 | 31.46 | -17.71 | 8.37 | 4.81 |

Portfolio Composition (% of total)

Equity: 74.70% Fixed Income: 2.90% Cash: 22.40%

Top 10 Holdings (31 May 2005)

| Security Name | % |
|-------------------------------------|------|
| BERKSHIRE HATHAWAY INC | 5.96 |
| BRITISH AMERICAN TOBACCO PLC | 3.00 |
| WEYERHAEUSER CO | 2.77 |
| POTLATCH CORP | 2.53 |
| REYNOLDS AMERICAN INC | 2.45 |
| WHITE MOUNTAINS INSURANCE GROUP INC | 2.35 |
| LIBERTY MEDIA CORP | 2.35 |
| NEWMONT MINING CORP | 1.79 |
| ORKLA ASA | 1.56 |
| ALTADIS SA | 1.46 |

Fund Characteristics

| Statistic | |
|------------------------------------|--------|
| Price to Earnings Ratio | 17.37 |
| Price to Book Value Ratio | 2.05 |
| Price to Cash Flow Ratio | 9.42 |
| Portfolio Turnover, Last 12 Months | 19.05% |
| Number of Long-term Positions | 213 |

Country Breakdown (31 May 2005)

| | |
|----------------|--------|
| United States | 48.20% |
| United Kingdom | 6.87% |
| Canada | 3.82% |
| South Korea | 2.25% |
| Irish Republic | 2.00% |
| France | 1.99% |
| South Africa | 1.83% |
| Switzerland | 1.74% |
| Other | 8.90% |
| Cash | 22.40% |

Industry Breakdown (31 May 2005)

| | |
|-------------------------|--------|
| Food Beverage & Tobacco | 16.94% |
| Materials | 14.68% |
| Insurance | 12.63% |
| Media | 9.29% |
| Banks | 4.07% |
| Diversified Financials | 3.02% |
| Real Estate | 2.82% |
| Capital Goods | 2.67% |
| Other | 11.48% |
| Cash | 22.40% |

1. Performance data may represent blended share class performance e.g. hybrid created from an A(dis) share class which was converted to A(acc). Performance figures represent the aggregate total return for the period indicated assuming, where relevant, the reinvestment of dividends and distributions. Performance figures above are for A(dis) shares, except where only A(acc) shares are available, then A(acc) performance is shown. 2. Chart performance figures are rebased to 100 at the Fund's inception date. 3. Since launch performance figures for the Index, S&P Sector Average and quartile rank relate to the A(acc)USD share class, calculated in the base currency of the fund. 4. Total charges consists of the yearly management and maintenance fees only. Due to rounding the percentages shown may be within 0.1% tolerance of the true value. The price of shares and income from them can go down as well as up and you may not get back the full amount that you invested. Past performance is no guarantee of future performance. Currency fluctuations will affect the value of overseas investments. An investment in this Fund entails risks which are described in the Prospectus. No shares in this Fund may be offered or sold to citizens or residents of the United States of America. Please consult your professional adviser before deciding to invest. This report is issued in the United Kingdom by Franklin Templeton Investment Management Limited, which is authorised and regulated by the Financial Services Authority. Subscriptions for shares in the Fund can only be made on the basis of the most recent Key Features and Prospectus which are available from Franklin Templeton Investments, The Adelphi, 1-11 John Adam Street, London WC2N 6HT.

