



FRANKLIN TEMPLETON  
INSTITUTIONAL

Templeton Global Equity Group

Data as of September 30, 2016

# TIF International Equity Series - Primary Class

CITY OF OCALA

| November 14, 2016

**Andrew Burkly, CFA**

Institutional Portfolio Manager  
Templeton Global Equity Group  
Templeton Investment Counsel LLC

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As of June 30, 2016, TIF Foreign Equity Series was renamed to TIF International Equity Series.  
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**Not FDIC Insured | May Lose Value | No Bank Guarantee**

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## Summary

### TIF International Equity Series - Primary Class

As of September 30, 2016

NASDAQ Symbol	TFEQX
Fund Inception Date	October 18, 1990
Dividends	Semi-annually
Investment Style	Value
Benchmarks	MSCI All Country World ex U.S. Index MSCI EAFE Index
Lipper Classification	International Large-Cap Value
Morningstar Category™	Foreign Large Value
Total Net Assets (USD) [All Share Classes]	4,693,355,615
Portfolio Turnover	16.16%
Number of Issuers	94
Asset Allocation	Equity: 98.69% Cash & Cash Equivalents: 1.31%

#### Fund Description

The fund seeks long-term capital growth by investing at least 80% of its net assets in foreign (non-U.S.) equity securities.

#### Portfolio Manager(s)

Cindy Sweeting, CFA	United States
Peter Nori, CFA	United States
Antonio Docal, CFA	United States

#### What Are The Risks

All investments involve risks, including possible loss of principal. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments; investments in emerging markets involve heightened risks related to the same factors. To the extent the fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. The fund's risk considerations are discussed in the prospectus.

The Portfolio Turnover is calculated over a 12-month period as at the end of the fiscal year (December 31, 2015). Holdings of the same issuer have been combined.

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

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## Investment Platform Overview

# FRANKLIN TEMPLETON INVESTMENTS

Total Combined Assets Under Management (Total AUM) : US\$732.1 Billion

	Franklin Equity Group	Templeton Emerging Markets Group	Templeton Global Equity Group	Franklin Mutual Series	Franklin Templeton Fixed Income Group	Templeton Global Macro	Franklin Local Asset Management	Franklin Real Asset Advisors	Franklin Templeton Solutions
<b>Established</b>	1947	1987	1940	1949	1970	1986	1993	1984	1994
<b>Focus</b>	U.S. Equity Global Equity International Equity	Emerging Markets Equity Emerging Markets Private Equity	Global Equity International Equity	Global Equity International Equity U.S. Equity Distressed Debt & Merger Arbitrage	Corporate Credit Global Sovereign/ Emerging Markets Mortgages Bank Loans Municipals	Global Sovereign Global Multi-Sector Emerging Market Debt Global Macro Hedge Fund	Global Equity & Fixed Income Regional Equity & Fixed Income Single-Country Equity & Fixed Income Single-Country Private Equity	Global Private Real Estate Global Listed Real Estate Securities Global Listed Infrastructure	Multi-Asset Strategy Global Tactical Asset Allocation Custom / Advisory Solutions - Alternative & Traditional Hedge Fund Portfolios (Multi- & Single Strategy) & Replication
<b>Style</b>	Growth, Value, Core/Hybrid	Core Value	Core Value	Deep Value	Single Sector, Multi-Sector	Unconstrained	Multi-Sector, Single- or Multi-Region	Multi-Sector, Multi-Region	Multi-Style, Multi-Region, Hedged
<b>AUM</b>	US\$178.0 Billion	US\$26.2 Billion	US\$96.1 Billion	US\$60.3 Billion	US\$156.3 Billion	US\$131.6 Billion	US\$46.3 Billion	US\$4.0 Billion	US\$39.7 Billion

Source: Franklin Templeton Investments, as of June 30, 2016 unless otherwise noted, based on latest available data. Total combined Assets Under Management (Total AUM) combines the U.S. and non-U.S. AUM of the investment management subsidiaries of the parent company, Franklin Resources, Inc. (FRI) [NYSE: BEN], a global investment organization operating as FTI. Total and platform AUM includes discretionary and advisory accounts, 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 by the firm's policies. Total and platform AUM may also include advisory accounts with or without trading authority. In addition, assets for which certain FTI advisers provide limited asset allocation advisory services, and assets that are not allocated to FTI products are not included in the AUM figures shown.

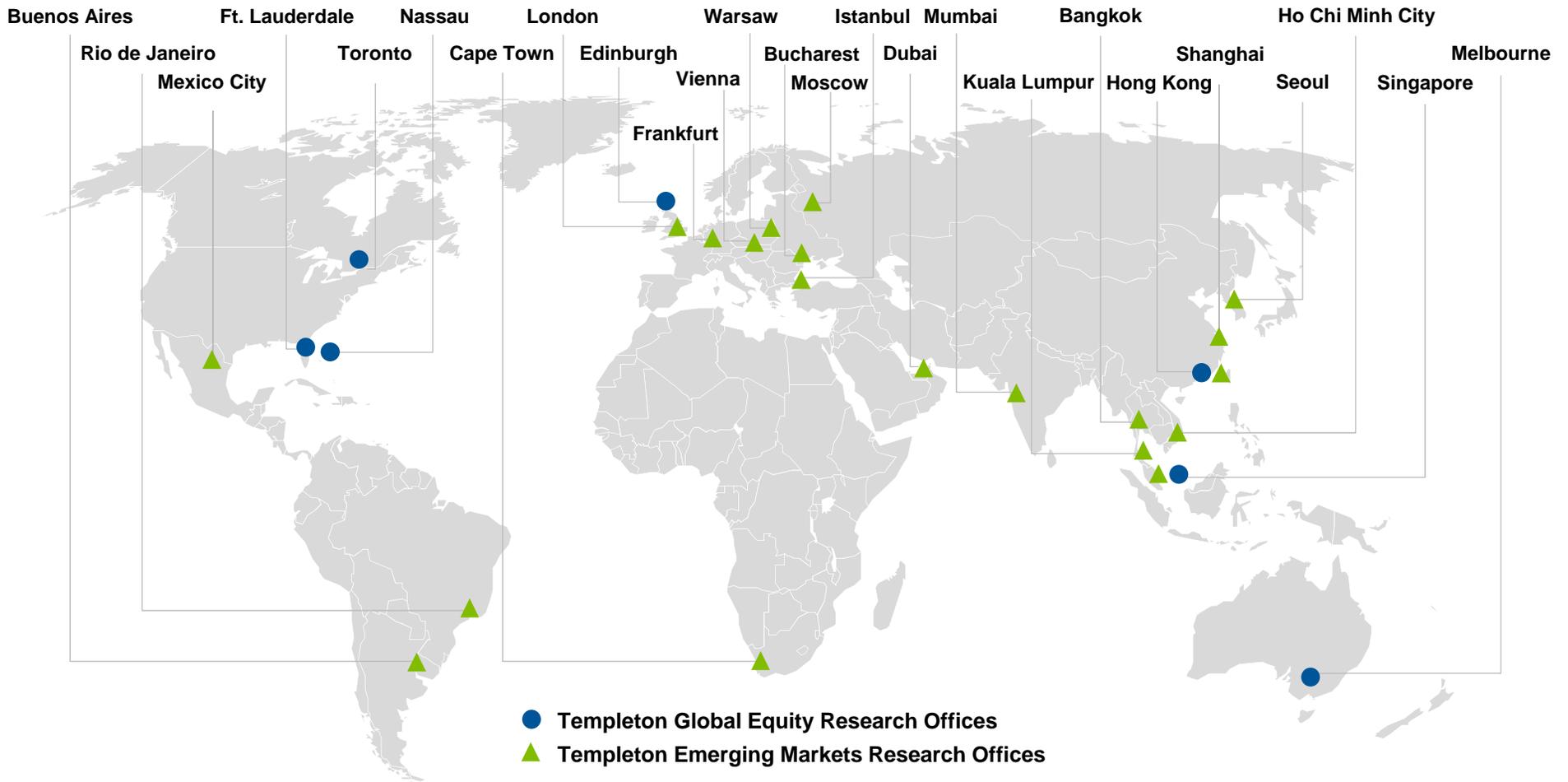
Franklin Templeton Solutions (FT Solutions) invests in various investment platforms advised by a number of investment advisory entities within FTI. Platform AUM reported for FT Solutions therefore includes certain AUM separately reported under each utilized investment platform. Total AUM also includes assets managed by certain FTI advisers that do not form part of the selected investment platforms shown. As a result, the combined platform AUMs may not equal Total AUM and may be calculated and reported separately for regulatory or other purposes under each investment adviser.

Each local asset manager may be considered as an entity affiliated with or associated to FTI by virtue of being a direct or indirect wholly-owned subsidiary of FRI, an entity or joint venture in which FRI owns a partial interest, which may be a minority interest, or a third party asset management company to which investment advisory services have been delegated by an FTI adviser.

Please refer to the "Important Disclosures" slide for additional information.

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# Templeton—Global Presence



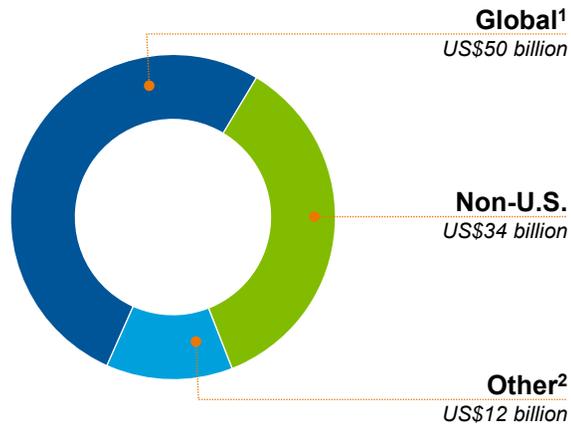
Templeton has 27 Global Equity and Emerging Markets research offices worldwide, providing on-the-ground, comprehensive research insights and contacts.

## Templeton Global Equity Group—Focus on Core Competencies

- Templeton’s investment approach is highly disciplined and maintains a keen focus on core competencies
- Since the founding of the firm in the 1940s, we have adhered to our long-term investment philosophy of finding the best bargains
- We offer strategies where the universe is large enough that we can offer an unconstrained portfolio:
  - Global Equity
  - Non-U.S. Equity
  - Regional Equity
  - Small Cap Equity
  - Balanced

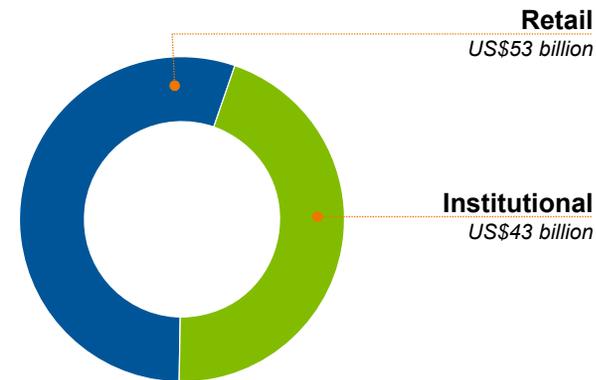
### Total AUM by Mandate

As of June 30, 2016



### Total AUM by Distribution Channel

As of June 30, 2016



1. Global includes global balanced mandates.

2. Other includes regional and single country mandates and global and international small cap.



## TEMPLETON GLOBAL EQUITY GROUP What Sets Us Apart

### LONG-TERM PERSPECTIVE

five-year horizon takes advantage of short-term price volatility to reveal long-term investment opportunities

### DISCIPLINED, REPEATABLE PROCESS

adherence to valuation-driven philosophy and process that have navigated every market cycle over seven decades

### RIGOROUS BOTTOM-UP STOCK SELECTION

everyone an analyst in a broadly experienced research team, identifying undervalued stocks across global industries

### FORTITUDE TO BE DIFFERENT

conviction to purchase out-of-favor securities and patience to wait for value recognition

## The Templeton Investment Philosophy

### We Utilize a Disciplined, Consistent Approach Based on Three Timeless Principles of Investing

#### Value

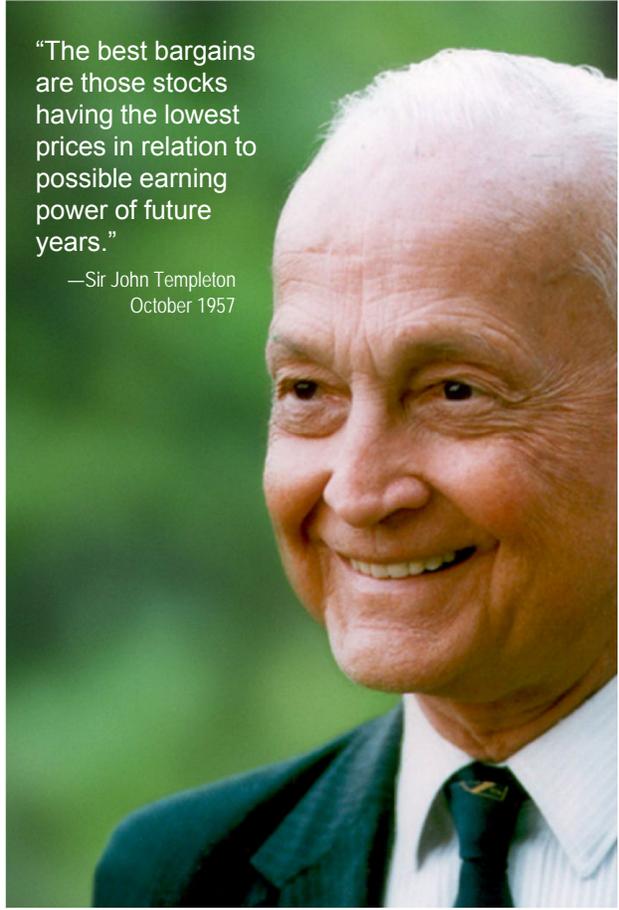
- Uncover bargains—seeking companies trading at large discounts to their business value
- Business value—based on normalized earnings, cash flow or asset value potential
- Flexible approach in a disciplined framework

#### Patience

- Rolling five-year time horizon focused on normalized business value
- Long-term focus takes advantage of short-term price volatility to reveal investment opportunities
- Patience allows time for value recognition and has historically resulted in low turnover

#### Bottom-up stock picking

- Build portfolios with undervalued securities identified through research process
- Portfolio structure reflects where we are finding value across sectors and regions
- Portfolio management process seeks to buy pessimism and sell optimism



“The best bargains are those stocks having the lowest prices in relation to possible earning power of future years.”

—Sir John Templeton  
October 1957

## Experienced Team of Global Analysts



37 Portfolio Managers & Research Analysts	Average 19 Years of Industry Experience	Average 14 Years with Templeton Speak 14 Languages	Stable Team / Historically Low Turnover
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Investment team information is as of October 3, 2016.  
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# TIF International Equity Series

## Bottom-Up Stock Pickers: Global Focus Uncovers the Best Opportunities Across Sectors and Geographies



### Director of Research: Heather Arnold, CFA

#### GLOBAL SECTOR TEAMS

CONSUMERS 	FINANCIALS 	INDUSTRIALS 	MATERIALS / ENERGY 
<p>Herbert Arnett    Media Internet Software/Services Small Cap Media</p> <p>Aaron Browning    Auto Components Automobiles</p> <p><b>Tony Docal</b>    Automobiles</p> <p>Harlan Hodes    Small Cap &amp; Asian Consumer Goods</p> <p>Katie Kirkpatrick    Hotels, Restaurants &amp; Leisure</p> <p>Peter Moeschter    Beverages/Food Products Household/Personal Products</p> <p>Katherine Owen    Retail Household Durables Textiles &amp; Apparel</p> <p>Maggie Wong    Casinos &amp; Gaming</p>	<p>Dylan Ball    MENA Banks</p> <p>Paul de Josselin    Australian Banks, Asian Banks</p> <p>James Harper    Global Insurance</p> <p>Matthew Nagle    U.S. Banks</p> <p>Warren Pustam    Diversified Financials Latin American Banks Small Cap Financials</p> <p>David Tuttle    Canadian Banks/Financial Services</p> <p><b>Peter Wilmshurst</b>    European Banks</p> <p>Maggie Wong    Global Real Estate</p>	<p>Suzanne Bateman    Machinery</p> <p>Alan Chua    Machinery</p> <p>Martin Cobb    Commercial Services &amp; Supplies Trading Company &amp; Distributors</p> <p>Harlan Hodes    Small Cap Cyclical Aerospace &amp; Defense Transportation</p> <p>Tian Qiu    Building &amp; Construction Materials</p> <p>Tina Sadler    Engineering &amp; Construction Electrical Equipment Industrial Conglomerates Small Cap Cyclical Small Cap Capital Goods</p> <p><b>Heather Waddell</b></p>	<p>Suzanne Bateman    Metals &amp; Mining</p> <p><b>Maarten Bloemen</b>    Alternative Energy</p> <p>Bhavesh Bombaywala    Energy E&amp;P Oil Refiners</p> <p>Craig Cameron    Alternative Energy</p> <p><b>Martin Cobb</b>    Chemicals</p> <p>Peter Morris    Asian Energy Energy Equipment &amp; Services</p> <p>Chris Peel    Paper &amp; Forest Products Energy Equipment &amp; Services</p> <p>Tina Sadler    Integrated Oil Building &amp; Construction Materials</p> <p>Tucker Scott    Metals &amp; Mining</p>
HEALTH CARE 	UTILITIES 	TELECOM SERVICES 	INFORMATION TECHNOLOGY 
<p>Craig Cameron    Generic Manufacturers/ Specialty Pharma</p> <p>Mohan Kandiah    Global Pharmaceuticals &amp; Biotechnology Equipment &amp; Supplies Generic Manufacturers/ Specialty Pharma</p> <p>Katherine Owen    Providers &amp; Services</p>	<p>Dylan Ball    Asian Utilities</p> <p>Craig Cameron    Asian Utilities</p> <p><b>Peter Moeschter</b>    European Utilities North/South American Utilities</p>	<p><b>Herbert Arnett</b>    U.S. Telecom</p> <p>Hsung Khoo    European Telecom, Latin American Telecom Global Telecom Equipment</p> <p>Matthew Nagle    Asian, Australian Telecom</p> <p>Peter Wilmshurst</p>	<p>Ferdinand Cheuk    Asian Technology</p> <p>Katie Kirkpatrick    Technology Hardware &amp; Peripherals IT Services &amp; Consulting</p> <p>Matthew Nagle    Electronic Manufacturing Services/Component Manufacturers</p> <p><b>Peter Nori</b>    Semiconductor Equipment &amp; Products</p> <p>Chris Peel    Software</p> <p>Heather Waddell    Consumer Electronics/ Office Electronics</p>

#### ADDITIONAL RESOURCES

Research Technology Group	Global Research Library	Junior Research Analysts	Performance Analysis & Investment Risk Group	Global Trading Platform	Product Management Group	Templeton Emerging Markets, Templeton Global Macro & Franklin Local Asset Management Groups
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As of October 3, 2016. Note: Sector team leaders in blue boldface.

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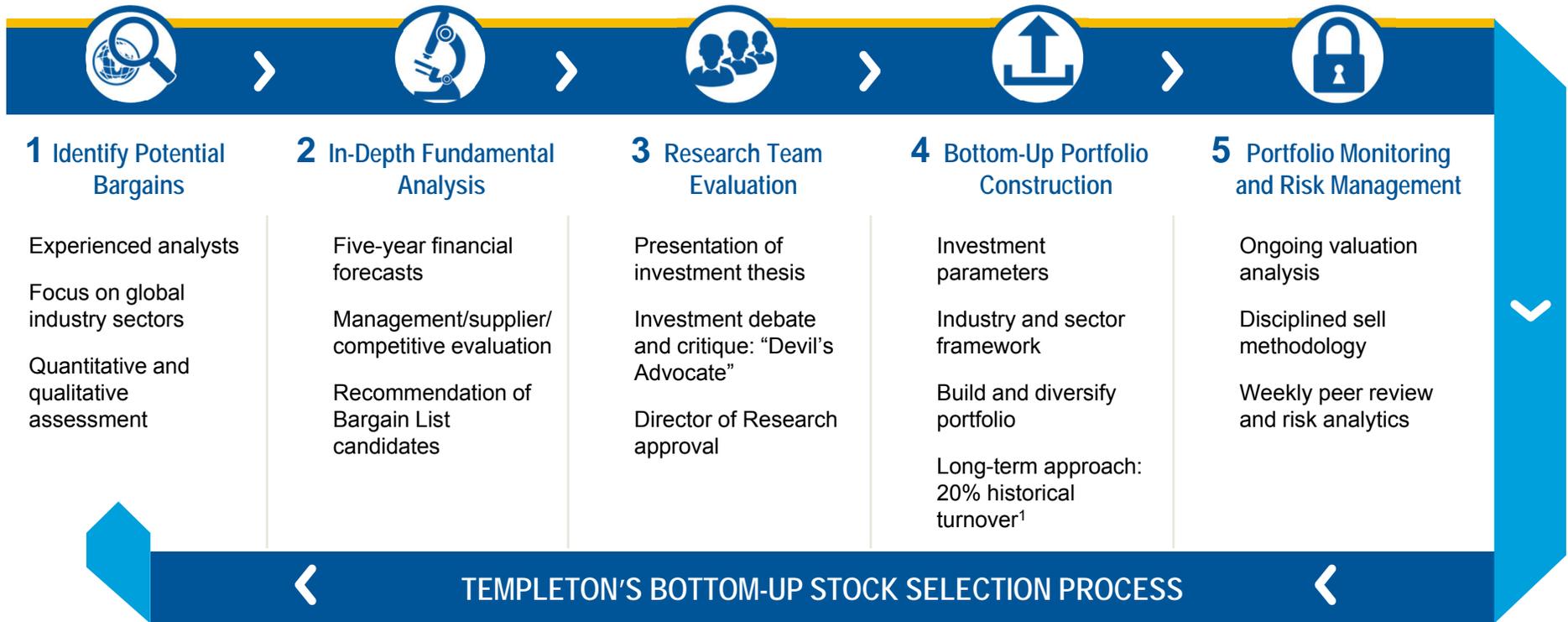
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# Templeton's Valuation-Driven Investment Process

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## Templeton's Valuation-Driven Investment Process

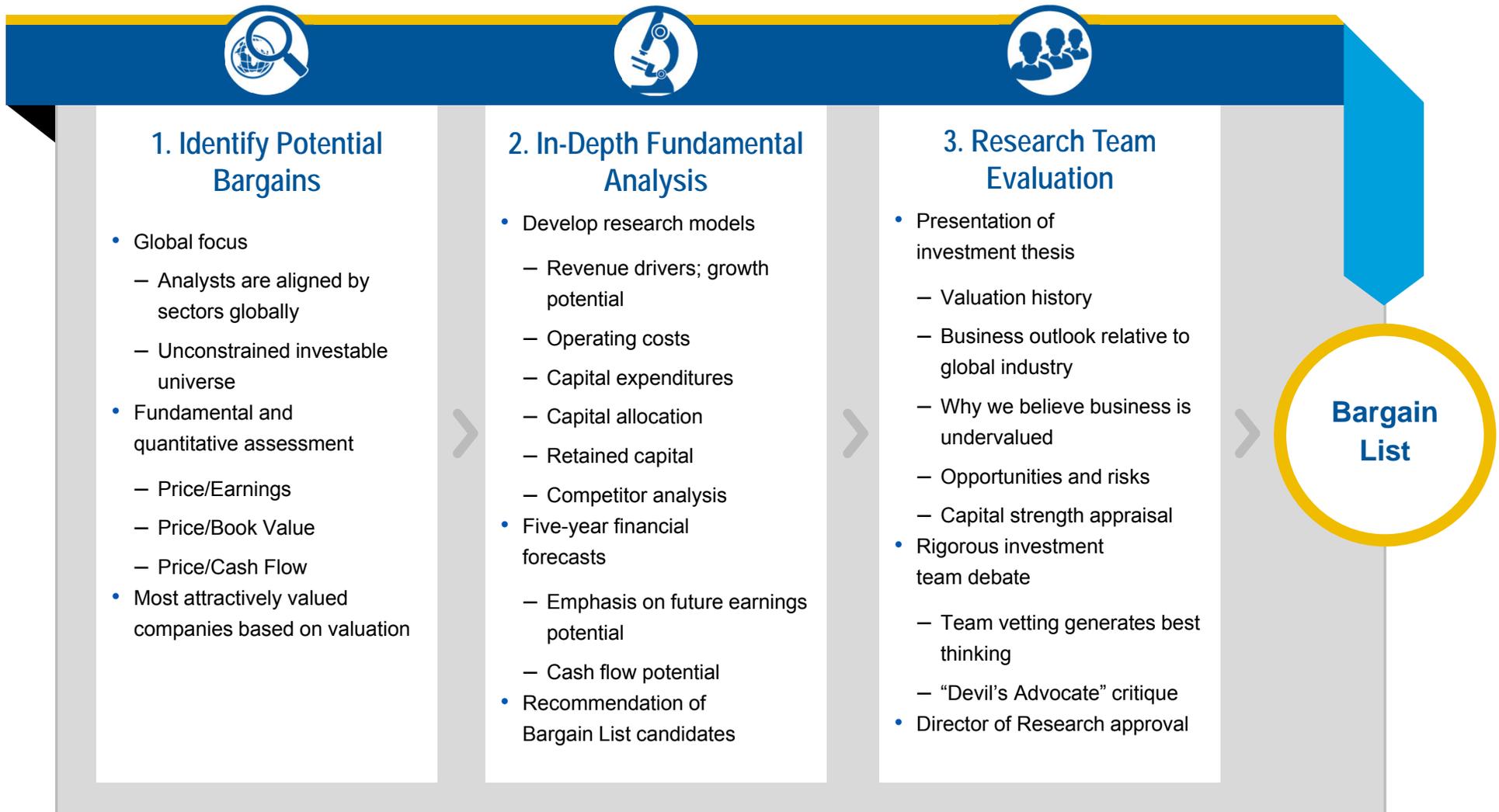


The above chart is for illustrative and discussion purposes only.

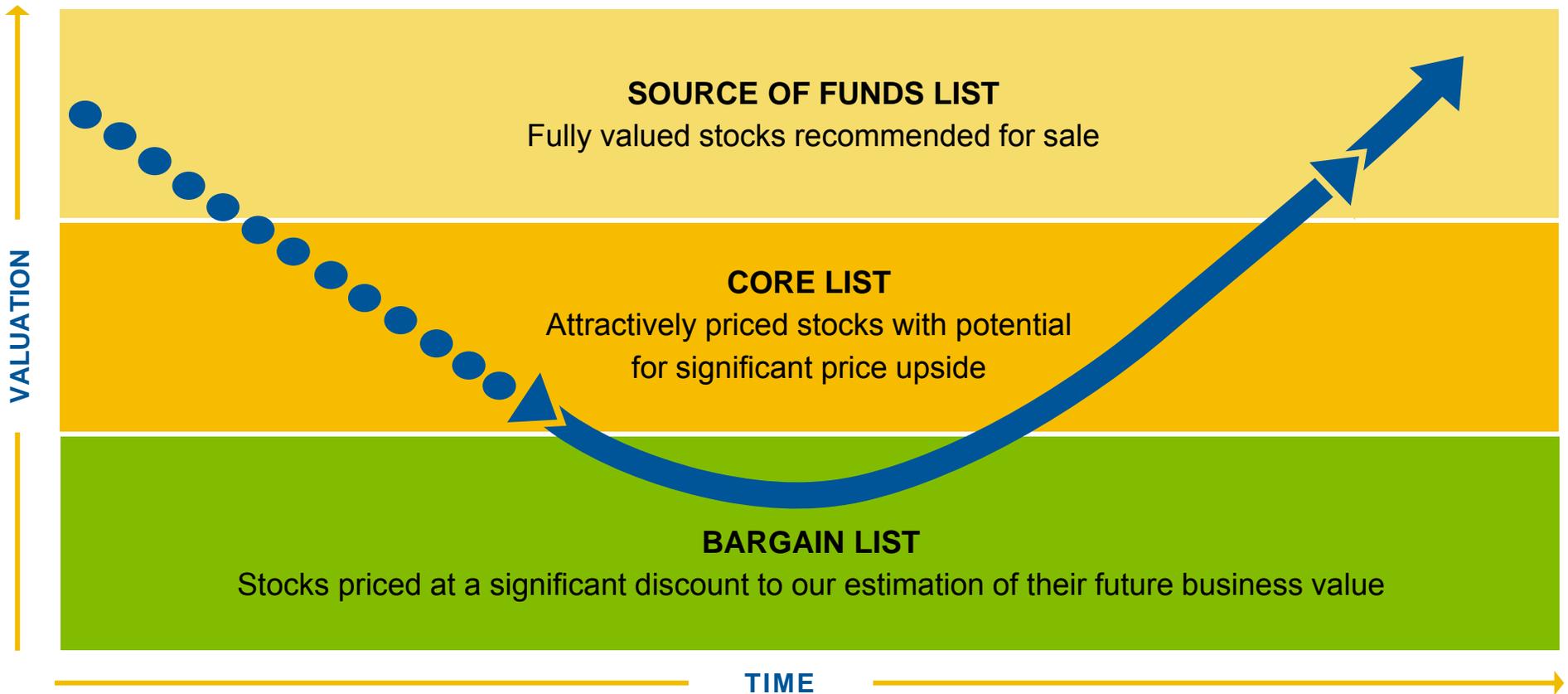
1. Historical turnover is based on Templeton Global Equity Group's overall experience, over a five-year period ended June 30, 2016, and is not intended to reflect the historical turnover of the fund. Please see the fund's fiscal year-end turnover on the "Portfolio Summary" slide. The turnover is a byproduct of Templeton's long-term approach to managing portfolios, but various factors, such as a portfolio's specific investment parameters and market or economic conditions may cause actual portfolio turnover to vary. For more information regarding an individual strategy's or fund's historical turnover ratio please contact your Franklin Templeton representative.

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# A Bottom-Up Research Process Leverages Global Capabilities Across Market Cap Spectrum



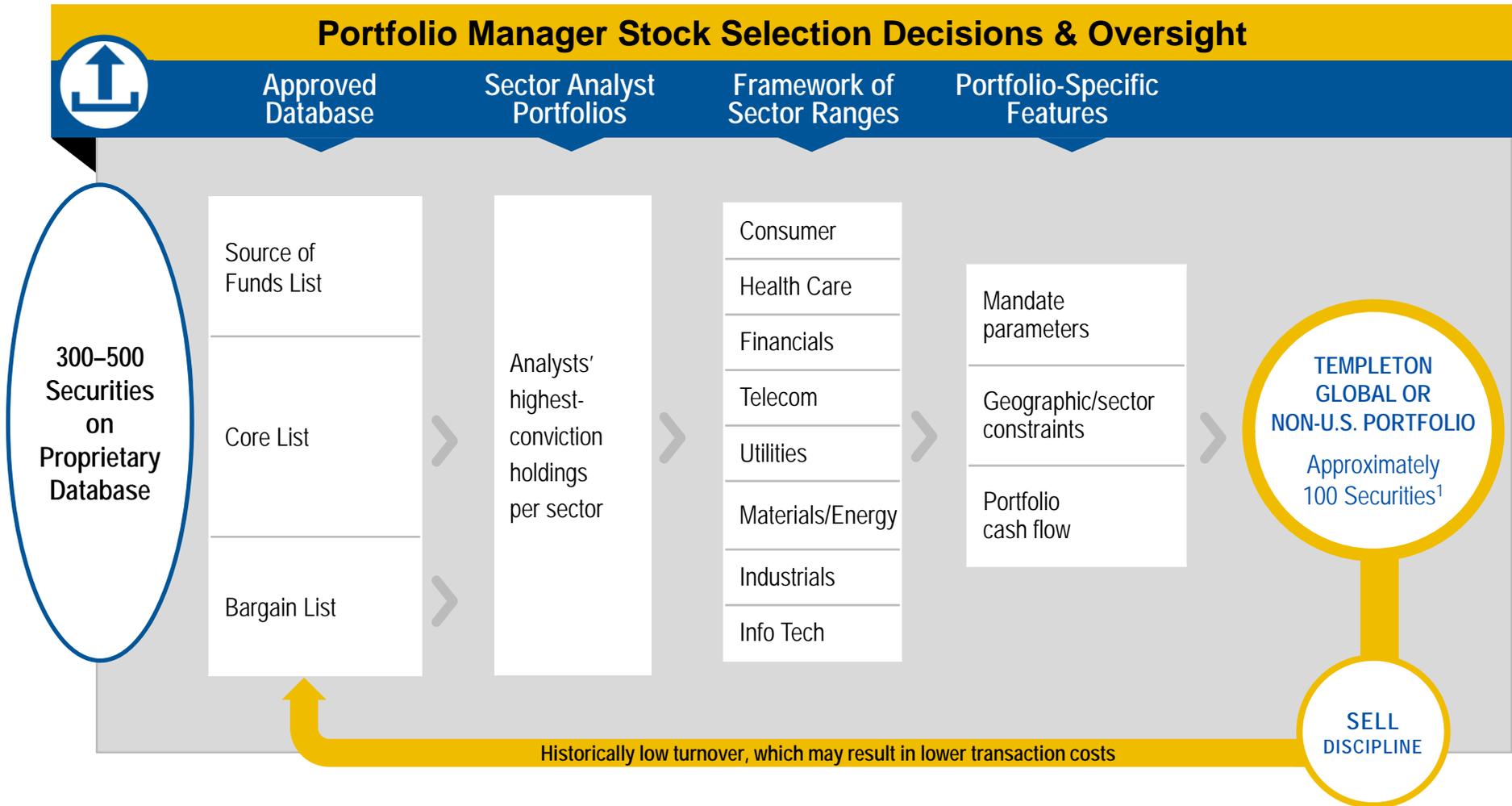
## Lifecycle of a Templeton Stock



Templeton's research platform is designed to track securities through their valuation lifecycle. The above chart is intended solely to illustrate the ideal interplay between the Bargain List, Core List and Source of Funds List over an anticipated holding period but there is no guarantee any Templeton stock will follow this lifecycle. **The chart is hypothetical and is not intended to represent an actual Templeton portfolio, or any stock purchased or sold by Templeton.**

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## Bottom-Up Portfolio Construction—Step 4



The above chart is for illustrative and discussion purposes only.

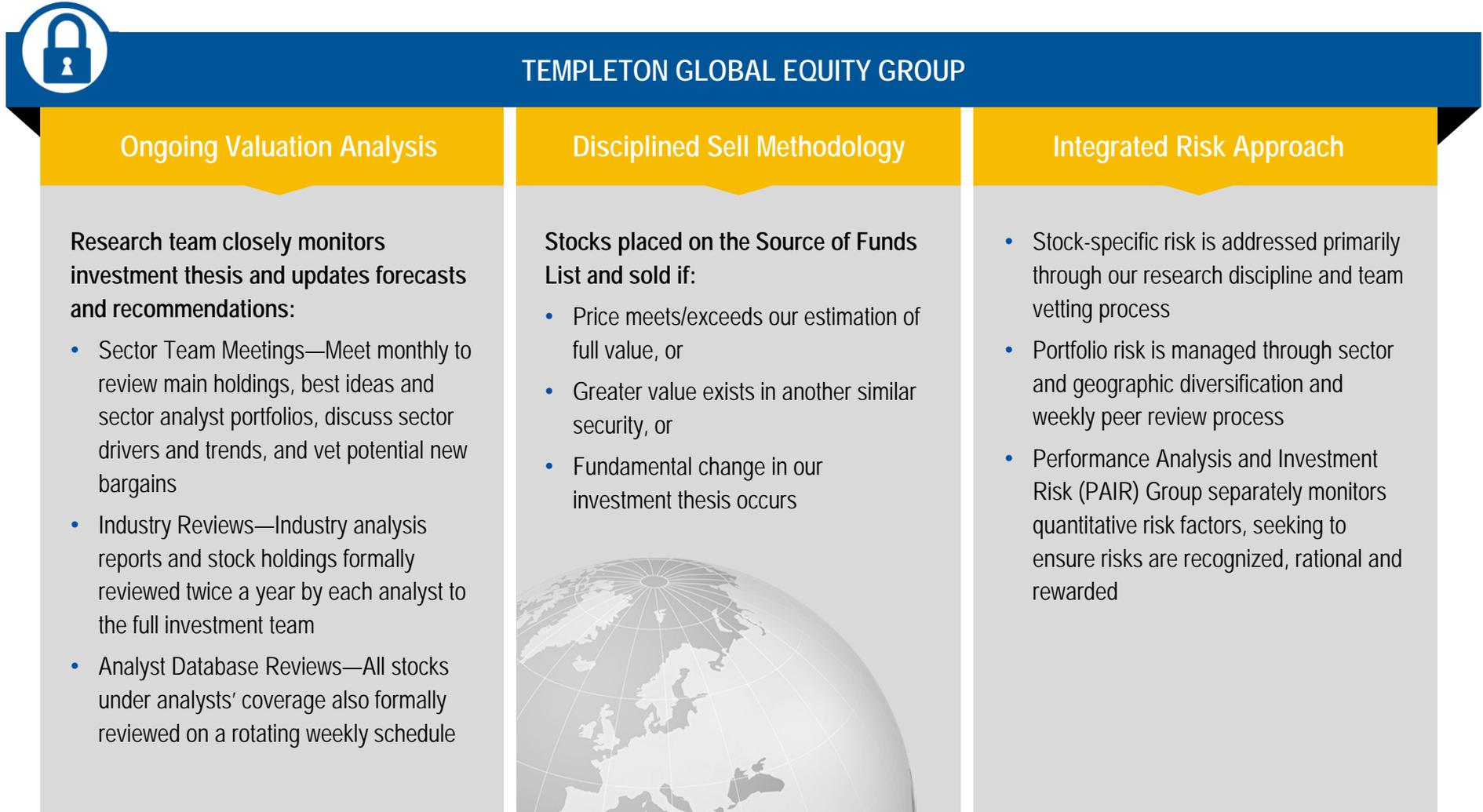
The turnover is a byproduct of Templeton's long-term approach to managing portfolios, but various factors, such as a portfolio's specific investment parameters and market or economic conditions may cause actual portfolio turnover to vary. For more information regarding an individual strategy's or fund's historical turnover ratio please contact your Franklin Templeton representative.

Portfolio managers purchase securities from the approved Templeton database of 300–500 securities which was derived from the investable universe of approximately 10,000 equity securities.

1. Although the typical Templeton Global or Non-U.S. equity portfolio holds approximately 100 securities, individual portfolios may vary, depending on various factors, such as portfolio size or investment strategy.

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## Portfolio Monitoring and Risk Management—Step 5



## Historical Performance

### TIF International Equity Series - Primary Class

As of September 30, 2016

#### Average Annual Total Returns (%)

	Inception Date	1 Mth*	Qtr*	YTD*	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	Since Incept	6.30.1994-9.30.2016
<b>TIF International Equity Series - Primary Class—Gross of Fees</b>	<b>10.18.1990</b>	<b>0.83</b>	<b>7.47</b>	<b>0.93</b>	<b>4.05</b>	<b>-0.33</b>	<b>7.33</b>	<b>3.12</b>	<b>7.20</b>	<b>8.54</b>	<b>7.76</b>
<b>TIF International Equity Series - Primary Class—Net of Fees</b>		<b>0.77</b>	<b>7.27</b>	<b>0.34</b>	<b>3.25</b>	<b>-1.10</b>	<b>6.50</b>	<b>2.30</b>	<b>6.34</b>	<b>7.63</b>	<b>6.89</b>
MSCI All Country World ex U.S. Index		1.28	7.00	6.29	9.80	0.64	6.52	2.63	5.09	6.07	5.23
MSCI EAFE Index		1.27	6.50	2.20	7.06	0.93	7.88	2.30	4.71	5.43	4.91

#### Total Annual Operating Expenses—*With Waiver: 0.78% Without Waiver: 0.78%*

*Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you have a gain or a loss when you sell your shares. Please call your Franklin Templeton representative at 1.800.321.8563 for the most recent month-end performance.*

Templeton Institutional Funds (TIF) do not have sales charges and are offered exclusively to certain institutional investors at net asset value. Individual investors purchasing shares through qualifying retirement plans, however, may also invest at net asset value, as discussed in the Fund's prospectus. Some plan-specific fees and charges may apply.

Returns are presented in U.S. dollars both gross and net (as applicable) of total fund operating expenses, are inclusive of commissions and transaction costs, and assume reinvestment of any dividends, interest income, capital gains, or other earnings.

The fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through its current fiscal year-end. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

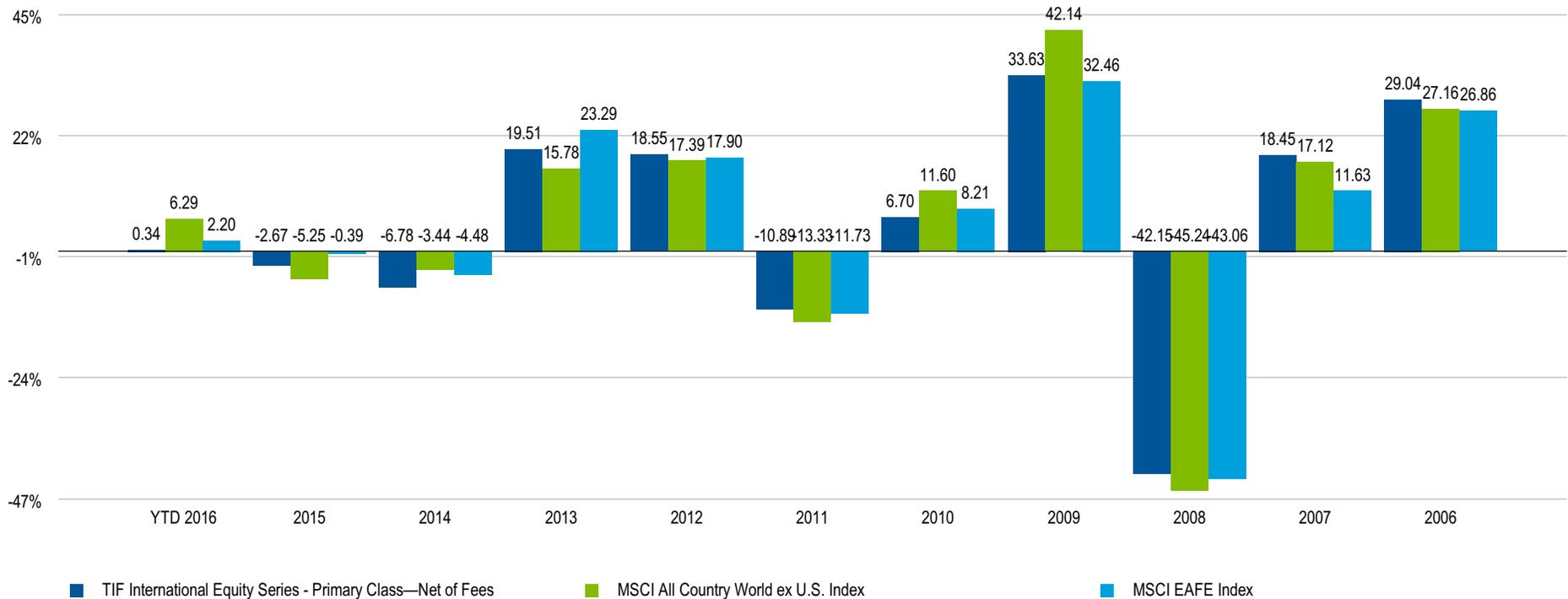
\*Cumulative Total Returns

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## Calendar Year Returns

### TIF International Equity Series - Primary Class

As of September 30, 2016



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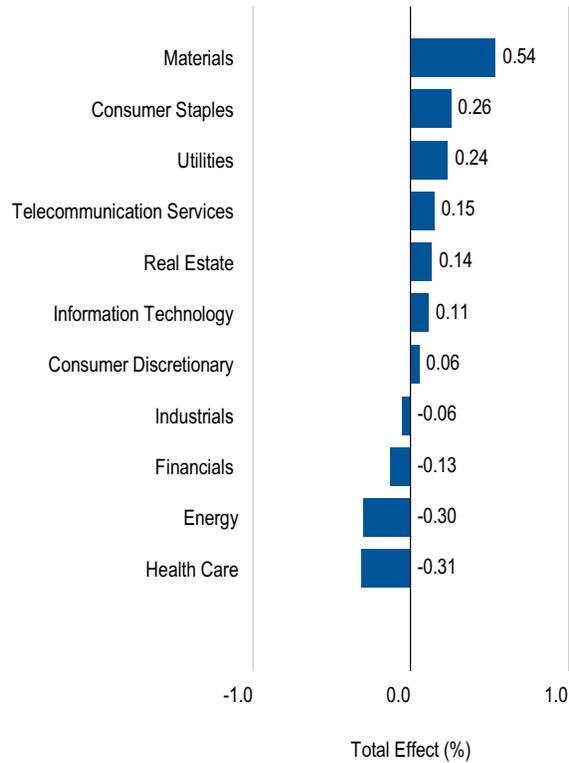
Past performance is not an indicator or a guarantee of future performance.

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## Performance Attribution by Sector

### TIF International Equity Series vs. MSCI All Country World ex-US Index

July 1, 2016-September 30, 2016



	PORTFOLIO		INDEX		ATTRIBUTION EFFECTS		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection Effect	Total Effect
Materials	7.68	20.18	7.35	12.65	0.00	0.54	0.54
Consumer Staples	3.11	-2.41	11.23	1.93	0.42	-0.16	0.26
Utilities	-	-	3.46	0.24	0.24	0.00	0.24
Telecommunication Services	8.84	4.82	5.24	0.74	-0.22	0.37	0.15
Real Estate	0.72	12.56	3.52	5.07	0.06	0.07	0.14
Information Technology	9.54	16.65	9.34	15.62	0.02	0.09	0.11
Consumer Discretionary	9.26	12.30	11.19	10.88	-0.06	0.11	0.06
Industrials	8.64	8.05	11.68	8.32	-0.04	-0.02	-0.06
Financials	22.19	9.58	21.41	10.14	0.02	-0.15	-0.13
Energy	13.50	2.56	6.58	2.34	-0.33	0.03	-0.30
Health Care	14.50	-0.87	9.01	-1.93	-0.49	0.18	-0.31

**Past performance is not an indicator or a guarantee of future performance.** Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

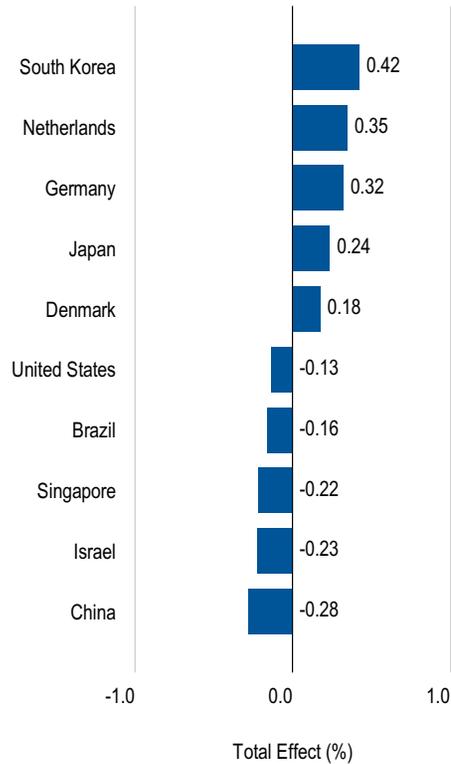
Source: FactSet. Data is calculated as a percentage of total including cash and cash equivalents but excluding fixed income. Total Effect represents the opportunity cost of investment decisions in a group relative to the overall benchmark.

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## Performance Attribution by Country

### TIF International Equity Series vs. MSCI All Country World ex-US Index

July 1, 2016-September 30, 2016



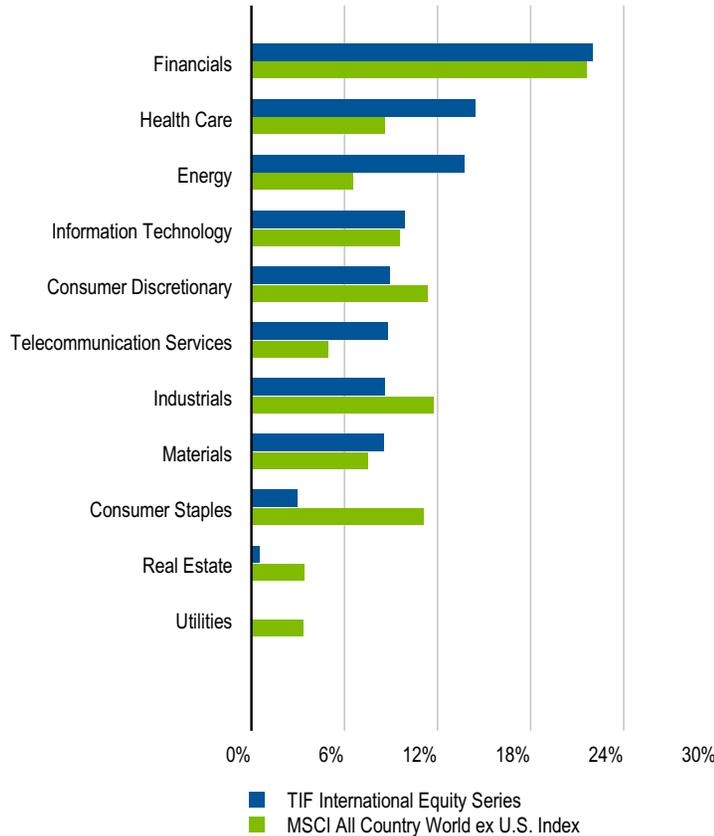
	PORTFOLIO		INDEX		ATTRIBUTION EFFECTS		
	Average Weight	Total Return	Average Weight	Total Return	Allocation Effect	Selection Effect	Total Effect
<b>5 Largest Contributors</b>							
South Korea	6.04	16.79	3.38	10.97	0.11	0.31	0.42
Netherlands	6.57	14.19	1.81	11.48	0.20	0.15	0.35
Germany	11.03	11.76	6.24	10.05	0.14	0.18	0.32
Japan	8.78	13.06	16.63	8.76	-0.13	0.37	0.24
Denmark	-	-	1.32	-6.17	0.18	0.00	0.18
<b>5 Largest Detractors</b>							
United States	1.22	-3.33	-	-	-0.13	0.00	-0.13
Brazil	0.28	-20.43	1.70	11.37	-0.06	-0.10	-0.16
Singapore	3.43	-1.12	0.92	-0.13	-0.19	-0.03	-0.22
Israel	1.85	-7.80	0.54	-1.83	-0.12	-0.11	-0.23
China	7.02	8.42	5.97	14.07	0.07	-0.35	-0.28

**Past performance is not an indicator or a guarantee of future performance.** Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.  
Source: FactSet. Data is calculated as a percentage of total including cash and cash equivalents but excluding fixed income. Total Effect represents the opportunity cost of investment decisions in a group relative to the overall benchmark.  
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## Sector Allocation

### TIF International Equity Series vs. MSCI All Country World ex U.S. Index

As of September 30, 2016



	Portfolio %	Index %	Over/Under
<b>Financials</b>	<b>22.02</b>	<b>21.64</b>	<b>0.38</b>
Banks	13.07	13.61	-0.54
Insurance	7.34	4.95	2.39
Diversified Financials	1.61	3.08	-1.47
<b>Health Care</b>	<b>14.42</b>	<b>8.62</b>	<b>5.80</b>
Pharmaceuticals, Biotechnology & Life Sciences	11.50	7.21	4.29
Health Care Equipment & Services	2.92	1.41	1.51
<b>Energy</b>	<b>13.79</b>	<b>6.60</b>	<b>7.19</b>
<b>Information Technology</b>	<b>9.93</b>	<b>9.60</b>	<b>0.32</b>
Technology Hardware & Equipment	5.21	3.39	1.82
Semiconductors & Semiconductor Equipment	2.66	1.85	0.81
Software & Services	2.06	4.36	-2.30
<b>Consumer Discretionary</b>	<b>8.95</b>	<b>11.36</b>	<b>-2.41</b>
Automobiles & Components	6.40	4.42	1.99
Retailing	1.02	1.68	-0.67
Consumer Durables & Apparel	0.79	2.44	-1.65
Media	0.74	1.60	-0.86
Consumer Services	0.00	1.23	-1.23
<b>Telecommunication Services</b>	<b>8.82</b>	<b>4.94</b>	<b>3.88</b>
<b>Industrials</b>	<b>8.67</b>	<b>11.75</b>	<b>-3.08</b>
Capital Goods	7.26	7.83	-0.57
Transportation	1.40	2.66	-1.26
Commercial & Professional Services	0.00	1.25	-1.25
<b>Materials</b>	<b>8.57</b>	<b>7.52</b>	<b>1.05</b>
<b>Consumer Staples</b>	<b>3.02</b>	<b>11.13</b>	<b>-8.12</b>
Food & Staples Retailing	1.61	1.97	-0.37
Food, Beverage & Tobacco	1.41	6.76	-5.35
Household & Personal Products	0.00	2.40	-2.40
<b>Real Estate</b>	<b>0.52</b>	<b>3.47</b>	<b>-2.95</b>
<b>Utilities</b>	<b>0.00</b>	<b>3.36</b>	<b>-3.36</b>

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.

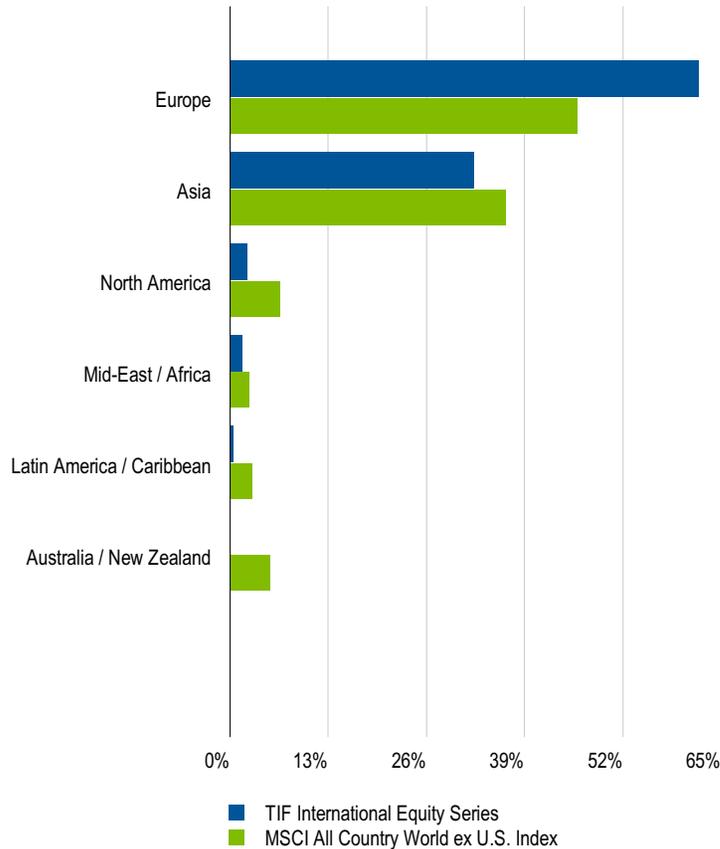
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## Geographic Allocation

### TIF International Equity Series vs. MSCI All Country World ex U.S. Index

As of September 30, 2016



	Portfolio %	Index %	Over/Under
<b>Europe</b>	<b>62.03</b>	<b>45.86</b>	<b>16.16</b>
United Kingdom	18.76	13.23	5.53
Germany	11.07	6.31	4.76
France	9.85	6.81	3.04
Netherlands	6.90	2.35	4.56
Switzerland	6.56	6.29	0.27
Italy	2.73	1.33	1.40
Norway	2.37	0.45	1.92
Ireland	2.01	0.33	1.68
Spain	0.95	2.13	-1.19
Other	0.83	6.64	-5.81
<b>Asia</b>	<b>32.23</b>	<b>36.55</b>	<b>-4.31</b>
Japan	9.30	16.69	-7.39
China	7.00	6.24	0.76
South Korea	6.17	3.43	2.74
Singapore	3.34	0.89	2.45
Hong Kong	2.53	2.45	0.08
Taiwan	1.88	2.81	-0.93
Other	2.01	4.03	-2.02
<b>North America</b>	<b>2.26</b>	<b>6.72</b>	<b>-4.46</b>
Canada	1.16	6.72	-5.56
United States	1.10	0.00	1.10
<b>Mid-East / Africa</b>	<b>1.67</b>	<b>2.59</b>	<b>-0.92</b>
Other	1.67	2.59	-0.92
<b>Latin America / Caribbean</b>	<b>0.50</b>	<b>3.01</b>	<b>-2.51</b>
Other	0.50	3.01	-2.51
<b>Australia / New Zealand</b>	<b>0.00</b>	<b>5.27</b>	<b>-5.27</b>
Australia	0.00	5.13	-5.13
New Zealand	0.00	0.14	-0.14
<b>Emerging Markets Exposure</b>	<b>17.56</b>	<b>22.68</b>	<b>-5.12</b>

Emerging markets exposure is based on the countries included in the MSCI Emerging Markets Index.

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

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## Top Ten Holdings

### TIF International Equity Series

As of September 30, 2016

Name of Issuer		Country	Industry	% of Total
SAMSUNG ELECTRONICS CO LTD		South Korea	Technology Hardware & Equipment	3.07
BP PLC		United Kingdom	Energy	2.81
ROYAL DUTCH SHELL PLC		United Kingdom	Energy	2.30
ROCHE HOLDING AG		Switzerland	Pharmaceuticals, Biotechnology & Life Sciences	2.21
CRH PLC		Ireland	Materials	2.01
BNP PARIBAS SA		France	Banks	1.78
CIE GENERALE DES ETABLISSEMENTS MICHELIN		France	Automobiles & Components	1.71
ING GROEP NV		Netherlands	Banks	1.69
TEVA PHARMACEUTICAL INDUSTRIES LTD		Israel	Pharmaceuticals, Biotechnology & Life Sciences	1.67
MERCK KGAA		Germany	Pharmaceuticals, Biotechnology & Life Sciences	1.61
<b>Total</b>				<b>20.84</b>

Holdings of the same issuer have been combined, unless otherwise noted. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. The information provided is not a recommendation to purchase, sell, or hold any particular security. The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included.

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## Portfolio Characteristics

### TIF International Equity Series vs. MSCI All Country World ex U.S. Index

As of September 30, 2016

	Portfolio	Benchmark
Price to Earnings (12-mo Trailing)	14.15x	18.11x
Price to Cash Flow	5.77x	9.39x
Price to Book	1.27x	1.57x
Dividend Yield	3.33%	3.09%
Market Capitalization (Millions USD)	58,695	50,313

Market Capitalization Breakdown in USD	Portfolio %
<2.0 Billion	0.33
2.0-5.0 Billion	7.63
5.0-10.0 Billion	9.46
10.0-25.0 Billion	21.55
25.0-50.0 Billion	25.06
>50.0 Billion	34.83
N/A	1.11

The portfolio characteristics listed are based on the Fund's underlying holdings, and do not necessarily reflect the Fund's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalization figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. **The dividend yield quoted here is the yield on securities within the Fund's portfolio and should not be used as an indication of the income received from this portfolio.** Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

Source: FactSet. Price to Earnings (12-mo Trailing) measures the current price to earnings ratio (P/E) relative to the trailing 12 months of reported earnings. Price to Earnings, Price to Cash Flow and Price to Book Value calculations for the weighted average use harmonic means. Values less than 0.01 (i.e., negative values) are excluded and values in excess of 200x are capped at 200x. Yields above 100% are also excluded. For the benchmark (if applicable), no limits are applied to these ratios in keeping with the benchmark's calculation methodology. Market capitalization statistics are indicated in the base currency for the portfolio presented.

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## Performance Risk Statistics

### TIF International Equity Series - Primary Class

As of September 30, 2016

#### Performance Risk Statistics

	1 Yr	3 Yrs*	5 Yrs*	10 Yrs*	15 Yrs*	20 Yrs*
Standard Deviation:						
TIF International Equity Series - Primary Class	14.97	12.53	14.33	18.82	17.57	17.33
MSCI All Country World ex-US Index	14.41	12.53	14.10	19.12	17.55	17.40
Tracking Error^^	3.79	3.40	3.72	3.99	3.79	4.54
Information Ratio^^	-1.73	-0.51	-0.01	-0.08	-0.04	0.27
Beta^^	1.00	0.96	0.98	0.96	0.98	0.96
Sharpe Ratio	0.20	-0.10	0.45	0.08	0.32	0.24

^^Measured against the MSCI All Country World ex-US Index.

\*Annualized.

Past performance is not an indicator or a guarantee of future performance.

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## TIF International Equity Series

## Current Perspectives—Sectors

FRANKLIN TEMPLETON  
INSTITUTIONAL

As of September 30, 2016

Sector		Opportunities	Comments
	Financials	MANY	We comprehensively reassessed our European financials holdings following the Brexit referendum and implemented thoughtful changes to optimize positioning. The result was to consolidate our exposure among firms with high operational quality and low balance sheet risk. With European banks trading at their widest discount to the market on record, we believe we can buy higher-quality names and mitigate near-term volatility without sacrificing long-term upside potential. Elsewhere, we are finding selective opportunities in the insurance sector, particularly among stocks with exposure to underpenetrated Asian markets, or that are over-reacting to “lower for longer” interest-rate expectations in developed markets. Select diversified financial firms in the US and Europe have restructured and recapitalized, and improving return profiles are not always properly reflected by valuations. We have also found compelling value in select South Korean banks.
	Energy	MANY	Given natural depletion rates and expected demand growth, as well as the fact that OPEC is already near maximum levels of output, we see little spare capacity globally and a much tighter market over our investment horizon. OPEC’s recent agreement on a framework for production cuts is substantive, less because it alone rebalances the market (it will not), and more because the appearance of accord in the cartel removes a major barrier to investment for generalists and asset allocators. While the eventual loss of market share to alternative energies is a legitimate concern, it could be 10 or 20 years until alternative production, storage and transmission technology is sufficiently scalable to challenge oil’s dominance as the primary global fuel source. We are bearish on oil in the very long term as innovation drives market share gains for alternatives; however, there are significant opportunities in this cycle in the meantime.
	Health Care	SOME	After reducing our long-term overweight to realize profits last year, opportunities began to resurface in 2016 as the market reacted to fears of political interference with drug pricing and corporate tax strategy. We believe such fears are generally overstated, but nonetheless have attempted to address these concerns by focusing our investments on well-run, highly innovative companies capable of dealing with pricing and competitive pressures on a case-by-case basis. We continue to favor firms with sound business models, solid product portfolios, attractive research pipelines, and the ability to grow revenues, increase cash flows and generate high capital returns for shareholders through dividends and buybacks.
	Industrials	SOME	We are finding select opportunities in the depressed sector, particularly among companies benefiting from restructuring or exposure to end markets with better growth prospects. We are avoiding companies with high valuations that fail to reflect the maturity of their business cycles, oversupply in their end markets or the muted capital expenditure and overall growth environment.
	Consumer Discretionary	SOME	Fuller valuations in the sector have recently led us to sell some holdings and redirect proceeds toward areas that we believe offer more attractive longer-term value. Some valuation opportunities in retail and automotive stocks following recent weakness.
	Telecom Services	SOME	We favor firms with strong enough market positions and adequate pricing power to reliably generate free cash flow that can be used to reward shareholders through dividends and buybacks. While excess capacity remains an issue in developed markets, we believe an improving regulatory environment and continuing consolidation should help improve industry economics, as should the roll out of 4G wireless and fiber. Asian and emerging markets are less saturated and still offer significant growth as rising smartphone adoption leads to increasing data usage and higher average revenues per user. Across the sector globally, earnings appear to have troughed and look poised to recover, though that expectation is widely held and currently reflected in fuller valuations, particularly in developed markets. This remains a stock-picker’s sector and not a source of wholesale value.
	Information Technology	SOME	In software, we believe continued migration to cloud computing will allow select firms to capture revenue and profit from other parts of the sector. Hardware is more challenging as smartphones and tablets take market share from traditional products; margins may improve as costs are removed, but top-line growth will likely remain elusive, and bargains are limited. In semiconductors, demand is weak, inventory elevated and valuations unattractive. More generally, every major tier in the tech “stack” is being disrupted by a new set of technologies, and our approach is to identify both mature companies that offer value in their ability to adapt to change as well as new entrants likely to emerge as winners.
	Materials	SOME	Recent investments in the metals and mining sector have generated solid near-term performance, but value is highly selective. Bulk and base metals producers have stabilized after restructuring and deleveraging, but remain beholden to macro trends. We believe select precious metals producers also offer value, both fundamentally and as a hedge against distress. Construction materials firms now reflect expected earnings improvements as Western property markets recover. We have largely avoided chemicals stocks in recent quarters, but sector weakness is now creating opportunity.
	Consumer Staples	FEW	Investors seeking safety and quality amid uncertainty have crowded into consumer staples, bidding up valuations to near-record levels relative to more cyclical parts of the market. We find scarce long-term value in a competitive industry trading at historically high valuations.
	Utilities	FEW	In our view, utilities are broadly expensive considering the potential impacts of weaker economic growth and increasing regulatory interference on power demand and industry pricing. Oversupply concerns persist in developed markets.

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## Current Perspectives—Regions



As of September 30, 2016

Region	Opportunities	Comments
 <p><b>Europe</b> <b>MANY</b></p>		<p>While regional markets stabilized in the wake of the Brexit referendum, returns remained subdued as investors considered the implications of Brexit for the rest of Europe. Like in the UK, the European electorate will have ample opportunity to express itself as countries accounting for 40% of the EU economy go to the polls next year, including France, Germany, Austria and the Netherlands. Meanwhile, the Italian government has called for a constitutional referendum in early December that is viewed by many as a vote on the country's commitment to Europe. Yet, we believe rising political risks and low investor expectations are at least partly discounted by attractive valuations in Europe. Trading at a low multiple relative to depressed profits, European equities offer significant potential for both earnings improvement and/or valuation re-rating. Taking history as a guide, long-term European equity returns have never been negative from current cyclically adjusted price/earnings (P/E) levels; to the contrary, when Europe has traded at these valuation levels in the past, subsequent cumulative returns over the next five years have been substantial, both absolutely and relatively. With economic fundamentals in the region continuing to modestly improve, monetary policy remaining accommodative, bank lending and corporations and households now showing growth as bank deleveraging abates, and fiscal policy recently becoming expansionary after years of austerity, we believe Europe offers compelling value for long-term contrarians.</p>
 <p><b>Emerging Markets</b> <b>SOME</b></p>		<p>Emerging market risk premia, particularly in Asia, have becoming increasingly attractive to us in recent quarters. After the worst performance relative to developed markets in at least a decade, cycle-adjusted P/Es in emerging markets are currently near a record trough, levels consistent with double-digit annualized future returns. China and South Korea are chief among Asian emerging markets generating compelling value for us at the stock level.</p>
 <p><b>Asia ex-Japan</b> <b>SOME</b></p>		<p>The combination of excessive debt and wasteful investment has taken its toll on China's state-owned-enterprises, which have failed to deliver a single month of earnings growth in over two years. Yet, China's private sector remains relatively healthy, having grown profits, in aggregate, every month since the global financial crisis. While we assess that China is in the early stages of rebalancing its economy from fixed asset investment toward consumption, and a significant non-performing loan issue has yet to be adequately addressed in the banking system, we continue to find selective opportunities in China, primarily among dynamic private enterprises on the cheaper, less volatile and more liquid offshore exchange. South Korea boasts a fundamentally solid and highly productive corporate sector with improving corporate governance and shareholder policy trends, which, in our view, trades at undemanding multiples.</p>
 <p><b>Japan</b> <b>SOME</b></p>		<p>We were encouraged by the pragmatism evident at the Bank of Japan during the quarter when, in an apparent nod to the country's ailing banking system, it backed off perpetual quantitative easing and announced policies specifically designed to steepen the yield curve. With two-thirds of Japanese companies trading below replacement value and P/E discounts to Europe and the US at historic extremes, Japan is offering more apparent value and stands to benefit significantly should aggressive policy measures eventually gain traction. That said, the country's debt and demographic challenges cannot be solved by monetary policy or central bank financed fiscal policy. We believe structural reform is the still-elusive key to improving growth potential and corporate profitability.</p>
 <p><b>Australia</b> <b>FEW</b></p>		<p>Limited value opportunities.</p>

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## Management Profile

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**ANDREW BURKLY, CFA**

Institutional Portfolio Manager  
Templeton Global Equity Group  
Templeton Investment Counsel LLC  
Fort Lauderdale, Florida, United States

Andrew Burkly is an Institutional Portfolio Manager, working closely with the Portfolio Managers and Research Analysts of the Templeton Global Equity Group (TGEG). In his role, Mr. Burkly is responsible for effectively communicating the TGEG investment philosophy, process and current strategy to clients, prospects, and intermediaries in the marketplace.

Mr. Burkly has over 15 years of professional experience in the investment industry where he has gained extensive knowledge of global capital markets, asset allocation and portfolio construction.

Prior to joining the Templeton Global Equity Group, he was Head of Portfolio Strategy at Oppenheimer Asset Management in New York City and responsible for providing macroeconomic, asset allocation and bespoke portfolio overlays to institutional and private clients. Previous to Oppenheimer, he worked at Brown Brothers Harriman in New York City as Director of Research and Chief Investment Strategist.

Mr. Burkly holds an M.B.A in Finance from Texas A & M University, Mays Graduate School of Business and a B.A. in Economics, from San Diego State University. He is a Chartered Financial Analyst (CFA) and a member of the New York Society of Security Analysts. He is a Registered Supervisory Analyst, and holds Series 7, 16, and 87 licenses.

## Management Profile

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**BRIAN KAHLEY, CFA**

Vice President  
Franklin Templeton Institutional  
Franklin Templeton Institutional, LLC  
Fort Lauderdale, Florida, United States

Brian Kahley, Vice President, is a relationship manager in Franklin Templeton Institutional's client relations group. He is responsible for managing institutional client relationships throughout the United States.

Mr. Kahley joined Franklin Templeton in 1999 and has worked in the organization's Investment Performance, Investment Risk Management and Institutional Sales groups.

Mr. Kahley earned a B.B.A. in finance from the University of Georgia and an M.B.A. from Florida Atlantic University. He is a Chartered Financial Analyst (CFA) charterholder and holds the Series 3, 7 and 63 licenses.

## Important Disclosures

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