



FRANKLIN TEMPLETON
INVESTMENTS

Franklin Mutual International Fund—Class A

Product Profile

Fourth Quarter 2014

FUND CHARACTERISTICS (AS OF 12/31/14)

NASDAQ Symbol	FMIAX
Fund Inception Date	5/1/09
Dividends	Semiannually in September and December
Investment Style	Deep Value
Benchmark	MSCI EAFE (Net Dividends) (Local) Index
Lipper Classification	International Multi-Cap Value
Morningstar Category™	Foreign Large Value
Total Net Assets—All Share Classes	94 million
Number of Issuers	87
Maximum Initial Sales Charge	5.75%

THIRD-PARTY FUND DATA Overall Morningstar Rating™

Traditional



Load Waived



As of December 31, 2014 the fund's Class A shares received a traditional 4 star overall Morningstar Rating™ and a load waived 5 star Morningstar Rating™, measuring risk-adjusted returns against 303 and 262 U.S.-domiciled Foreign Large Value funds over the 3- and 5- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

Load waived Class A share Morningstar Ratings do not include front-end sales charges and are intended for investors who have access to such purchase terms (e.g., fee-based programs and participants of a defined contribution plan). Investors should contact their financial advisor to determine their eligibility to purchase Class A shares without paying the sales charge.

Effective June 30, 2014, Mutual International Fund was renamed Franklin Mutual International Fund.

FUND DESCRIPTION

The fund seeks capital appreciation, with income as a secondary goal, by investing predominantly in securities of companies located outside the United States. It will focus primarily on undervalued securities of mid- and large capitalization companies and, to a lesser extent, distressed securities and merger arbitrage.

PERFORMANCE DATA

Average Annual Total Returns for Periods Ended December 31, 2014 (%)

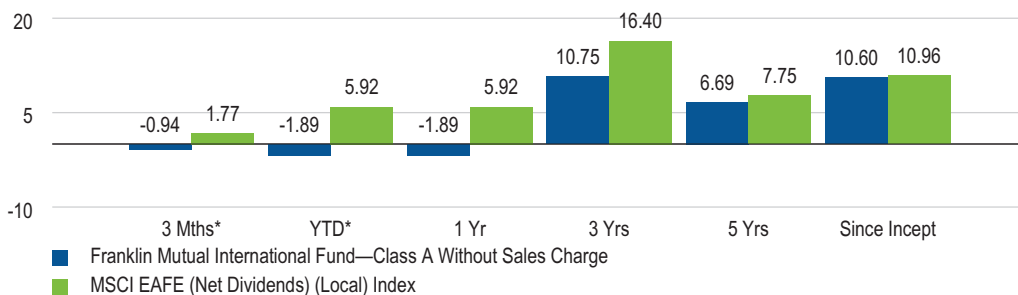
	3 Mths*	YTD*	1 Yr	3 Yrs	5 Yrs	Since Incept (5/1/09)
With Sales Charge	-6.63	-7.55	-7.55	8.58	5.43	9.45
Without Sales Charge	-0.94	-1.89	-1.89	10.75	6.69	10.60
MSCI EAFE (Net Dividends) (Local) Index	1.77	5.92	5.92	16.40	7.75	10.96

Total Annual Operating Expenses—With Waiver: 1.47% Without Waiver: 1.79%

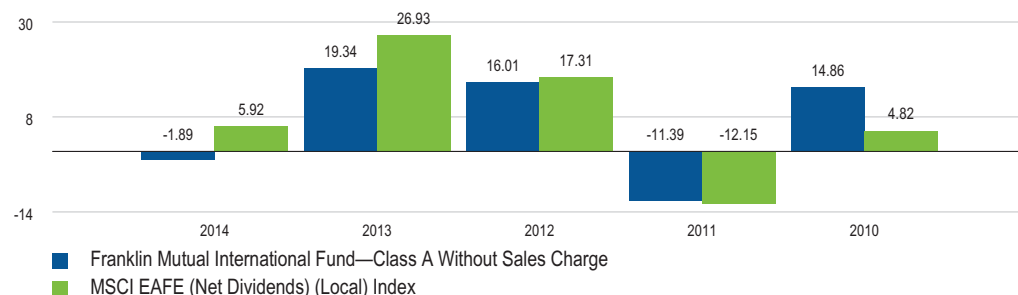
Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin Templeton Investments at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com for the most recent month-end performance.

The fund has an expense reduction contractually guaranteed through at least April 30, 2015. The fund may also have a fee waiver associated with any investments it makes in a Franklin Templeton money fund, an arrangement that is contractually guaranteed through at least its current fiscal year-end. Fund investment results reflect the expense reduction and fee waiver, as applicable; without these reductions, the results would have been lower.

Average Annual Total Returns for Periods Ended December 31, 2014 (%)



Calendar Year Returns As of December 31, 2014 (%)



If the Fund's sales charge had been included, the returns would have been lower.











*Cumulative Total Returns.

For information related to the "Fund Characteristics," "Third-Party Fund Data," and "Performance Data" sections, please see Explanatory Notes.

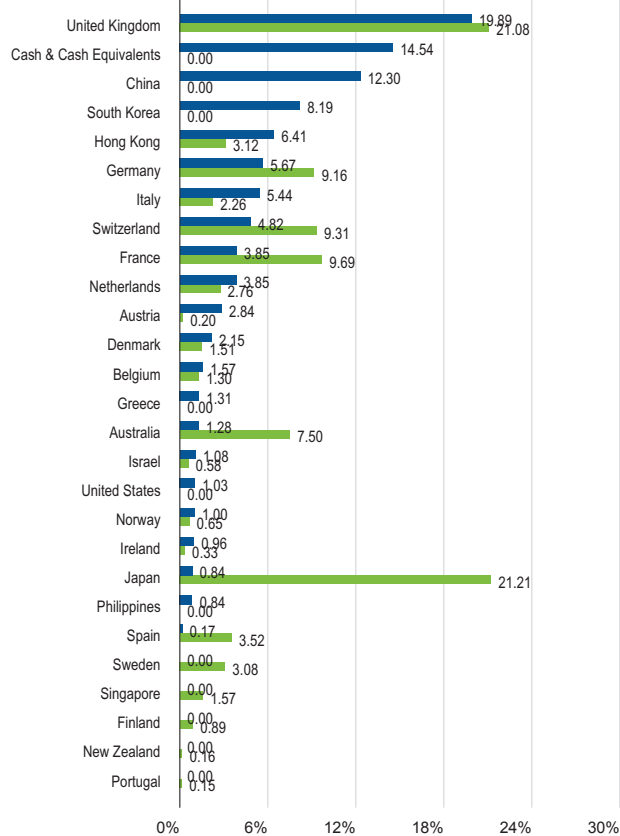
Not FDIC Insured | May Lose Value | No Bank Guarantee

PORTFOLIO DIVERSIFICATION (AS OF 12/31/14)

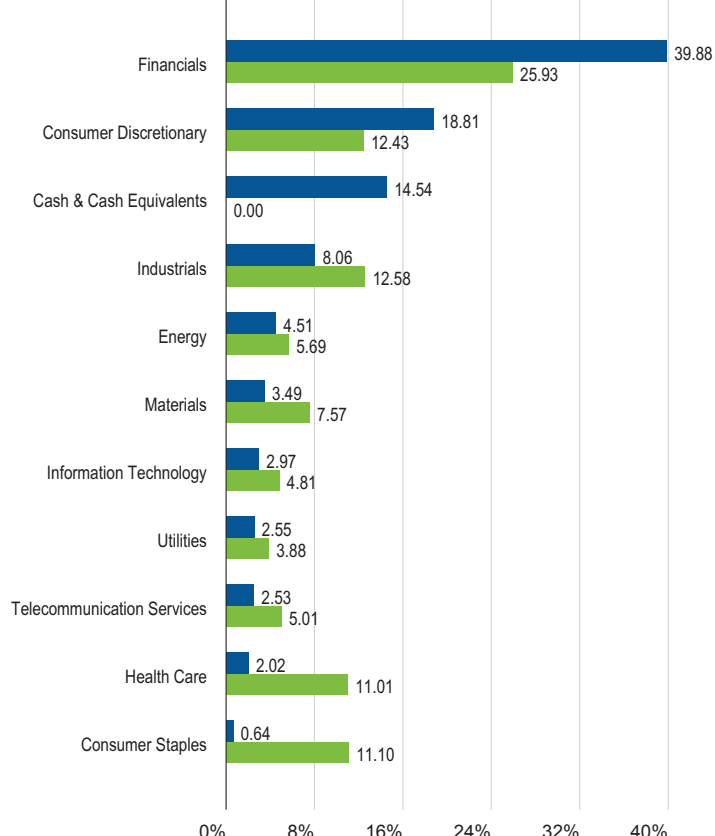
Top Ten Holdings

Issuer Name	Country	Industry	% of Total
1. NN GROUP NV	 Netherlands	Insurance	1.99
2. INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD	 China	Banks	1.87
3. ACCOR SA	 France	Consumer Services	1.77
4. VOLKSWAGEN AG	 Germany	Automobiles & Components	1.76
5. CHINA PACIFIC INSURANCE (GROUP) COMPANY LTD	 China	Insurance	1.70
6. RSA INSURANCE GROUP PLC	 United Kingdom	Insurance	1.65
7. AGEAS	 Belgium	Insurance	1.56
8. SK HYNIX INC	 South Korea	Semiconductors & Semiconductor Equipment	1.54
9. MANDARIN ORIENTAL INTL LTD	 Hong Kong	Consumer Services	1.50
10. ZURICH INSURANCE GROUP AG	 Switzerland	Insurance	1.48
Total			16.83

Geographic Weightings vs. Benchmark (% of Total)

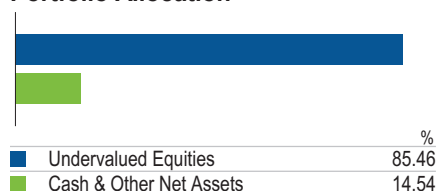


Sector Weightings vs. Benchmark (% of Total)



■ Franklin Mutual International Fund
 ■ MSCI EAFE (Net Dividends) (Local) Index

Portfolio Allocation



PORTFOLIO CHARACTERISTICS (AS OF 12/31/14)—Fund vs. MSCI EAFE (Net Dividends) (Local) Index

			Fund	Benchmark
Weighted Average Market Capitalization (Millions USD)			38,203	53,826
Median Market Capitalization (Millions USD)			12,207	8,732
Price to Earnings	Fund	Benchmark		
Weighted Average	11.40x	16.40x		
Median	14.46x	18.17x		
Price to Book Value			Fund	Benchmark
Weighted Average			0.95x	1.65x
Median			1.23x	1.72x
Price to Cash Flow	Fund	Benchmark		
Weighted Average	5.36x	8.79x		
Median	6.83x	10.99x		

PERFORMANCE RISK STATISTICS - Class A

Modern Portfolio Theory (MPT) Statistics
(As of 12/31/14)

Performance Risk Statistics	3 Years	5 Years
Standard Deviation	9.82	12.82
Alpha	-3.83	-0.67
Beta	0.93	0.98
Sharpe Ratio	1.09	0.52
Information Ratio	-1.42	-0.19
Tracking Error	3.99	5.49
R-Squared	84.00	81.71

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 may have a gain or a loss when you sell your shares. Please call Franklin Templeton Investments at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com for the most recent month-end performance.

GLOSSARY

Alpha: Alpha measures the difference between a fund's actual returns and its expected returns given its risk level as measured by its beta. A positive alpha figure indicates the fund has performed better than its beta would predict. In contrast, a negative alpha indicates a fund has underperformed, given the expectations established by the fund's beta. Some investors see alpha as a measurement of the value added or subtracted by a fund's manager.

Benchmark: An unmanaged group of securities whose overall performance is used as a standard to measure investment performance.

Beta: A measure of the magnitude of a portfolio's past share-price fluctuations in relation to the ups and downs of the overall market (or appropriate market index). The market (or index) is assigned a beta of 1.00, so a portfolio with a beta of 1.20 would have seen its share price rise or fall by 12% when the overall market rose or fell by 10%.

Information Ratio: In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.

Market Capitalization: A determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share.

Price to Book Value (P/BV): The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the ratio is the weighted average price/book ratio of the stocks it holds.

Price to Cash Flow (P/CF): Supplements price/earnings ratio as a measure of relative value; represents a weighted average of the price/cash flow ratios for the underlying fund holdings.

Price to Earnings (P/E): The share price of a stock, divided by its per-share earnings over the past year. P/E is a good indicator of market expectations about a company's prospects; the higher the P/E, the greater the expectations for a company's future growth in earnings.

R-Squared: A measure of how much of a portfolio's performance can be explained by the returns from the overall market (or a benchmark index). If a portfolio's total return precisely matched that of the overall market or benchmark, its R-squared would be 100. If a portfolio's return bore no relationship to the market's returns, its R-squared would be 0.

Sharpe Ratio: To calculate a Sharpe ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset's standard deviation.

Standard Deviation: A measure of the degree to which a fund's return varies from its previous returns or from the average of all similar funds. The larger the standard deviation, the greater the likelihood (and risk) that a security's performance will fluctuate from the average return.

Tracking Error: Measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error.

MARKET REVIEW

Global equity markets rose slightly overall in 2014's fourth quarter, largely due to gains for US stocks, and developed-market equities generally outperformed emerging-market peers. By region, US stocks advanced, while European, Asian and Latin American stocks fell. US economic reports released during the three-month period were broadly positive, indicating continued momentum for economic growth. Lower oil and gasoline prices were viewed as a positive for the US economy while the labor market also showed ongoing improvement. The US Federal Reserve (Fed) ended its asset-purchase program in October and stated in its December meeting that it would be patient in beginning to normalize monetary policy.

In the eurozone, economic data broadly remained weak, and the bloc witnessed mild deflation in December. The European Central Bank (ECB) maintained its accommodative monetary policy at its December meeting. Political instability in Greece as the government's failure to elect a new presidential candidate added to market volatility near quarter-end. Meanwhile, Japan's economy shrank in the third quarter, largely due to weak domestic and private demand following a consumer tax increase in the prior quarter. In December, the country's newly re-elected government announced a fresh stimulus package intended to revive flagging economic growth.

Emerging-market equities declined overall as weakening commodity prices and rising inflation weighed on markets. China's purchasing managers index moderated during the quarter but indicated that the economy remained in expansionary mode. The People's Bank of China cut benchmark interest rates in November for the first time in more than two years to support the slowing economy. Russia's central bank raised its key interest rate sharply in December in an effort to limit further devaluation of the ruble and contain rising inflation.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE

Performance Review

During the fourth quarter of 2014, three of the fund's largest detractors from absolute performance were Hyundai Department Store, China Zhengtong Auto Services and Baoxin Auto Group.

South-Korea based Hyundai Department Store issued weaker-than-expected quarterly results in October. Same store sales growth, while positive, fell short of investors' expectations. Declines in consumer confidence and milder weather in October and November compared to a year ago pointed to another tepid quarter. However, we believe valuations remain undemanding and measures by the government to bolster consumption should benefit department stores.

China Zhengtong Auto Services is an investment holding company with most of its automobile dealerships located in China's inland cities, while Baoxin Auto Group is an automobile dealership group with a high market share in the more affluent Chinese coastal region. Vehicle sales for both companies slowed as economic growth in China decelerated. Another drag on auto dealers has been the investigation of dealer practices by the government which may result in changes to make the market more competitive. Such changes include the deregulation of dealerships, lower spare part prices and allowing the importation of vehicles bought at dealerships outside the country which can be sold at lower prices than those purchased by local dealerships. Allowing such imports is to be tested in Shanghai. While these actions by the government could be a negative for both companies, they are positioned well to potentially benefit from the continued growth in aftermarket sales and service, which carry significantly higher margins than car sales.

In contrast, three of the fund's main contributors were China Galaxy Securities, China Pacific Insurance and International Consolidated Airlines Group. China Galaxy Securities is a major player in Chinese brokerage industry with the smallest exposure to proprietary trading among its peers. Shares of China Galaxy, along with the China's equity markets in general, got a boost from the November interest rate cut by the People's Bank of China. Increased interest in the capital markets as an investment venue over wealth management products and property, which have not put up similarly strong returns in 2014, has driven momentum-seeking Chinese investors into the brokers' offices.

China Pacific Insurance has been a leader in moving away from bank-distributed investment product sales (bancassurance) toward agency-distributed protection products, which typically have higher and more sustainable margins. The stock rallied during the quarter as improving margins in its new business became more evident and the impact from the shrinking bancassurance business diminished. Equity markets in China experienced improved returns in the quarter, which helped the industry as a whole. China Pacific has also been reorganizing its underperforming property and casualty division, which, in our view, should help improve profitability.

International Consolidated Airlines Group is a UK-based holding company that owns British Airways, Iberia and discount carrier Vueling. Its stock price moved higher due to a mixture of continuing profit growth and greater-than-expected mid-term targets. The profit growth came from solid demand trends (especially on the North Atlantic routes), declining fuel costs and no meaningful impact from the Ebola crisis in western Africa.

Portfolio Positioning

At the end of the fourth quarter, the fund's investment in equities was 85.5%, while the level of cash and cash equivalents stood at 14.5%. The fund's exposure to the financials and consumer discretionary sectors increased. Within financials, solid performance, new positions and increases to existing positions combined to raise fund exposure to the sector. Among the new holdings was an Italy-based insurer with new management. In our view, the company's primary problem was its structure and not the business. Management has simplified the corporate structure, improving cost efficiency and rationalizing capital to improve returns to shareholders. We added a couple of names based in China, including a lender that is generating a greater share of its earnings offshore as it benefits from increasingly deregulated capital flows. At the same time, we trimmed positions in an insurer and a capital markets company headquartered in China. The stocks of both companies rallied during the period and approached our estimates of fair value, which led us to trim into their strength. Within consumer discretionary, we took advantage of the broad market downturn that occurred before the November rally to add to our position in a major automaker. The fund also initiated a position in a major international cable television provider that, in our view, is well positioned to benefit from broadband trends and mobile consolidation in Europe. Compared to the benchmark, the fund had meaningful overweights in financials and consumer discretionary while being most underweight in consumer staples and health care.

Outlook & Strategy

Investors experienced another bumpy ride during the period under review, and we would not be surprised if the current environment of periodic spikes in volatility persisted for a while. Sharp, short-term swings were driven by a host of negative events, including economic growth fears concerning Europe, Japan and China, deflation anxiety in Europe, plunging global oil prices, Russia's tumbling ruble, and a political crisis in Greece. In addition, better US economic fundamentals and the Fed's statement following its December monetary policy meeting sharpened investor focus on the timing of potential interest rate hikes by the central bank.

The above commentary does not provide a complete analysis of every material fact regarding any market, region, industry, security, portfolio or pooled investment vehicle. Portfolio holdings information, opinions and other market or economic information and data provided are as of the date of the commentary, unless another date is expressly indicated, and may change without notice. Statements of fact cited by the manager have been obtained from sources considered reliable but no representation is made as to their completeness or accuracy. The manager's assessment of a particular industry, region, security, sector or investment is intended solely to provide insight into the manager's investment process and is not a recommendation to buy or sell any security, nor investment advice. References to particular securities or sectors are only for the limited purpose of illustrating general market or economic conditions and are not recommendations to buy or sell a security. Although historical data is no guarantee of future results, these insights may help you understand our investment management philosophy.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE (CONTINUED)

We think the consensus view of extremely anemic economic growth in Europe for 2015 is overly pessimistic. Rather, we believe that a combination of a declining euro, lower oil price, historically low interest rates, and the prospect of further action by the ECB will eventually shake the region out of its economic morass. We favor stocks hindered by investor concerns that the Russia/Ukraine situation will not be resolved, resulting in a new "Cold War," or a belief that Europe's growth prospects are depressed over a prolonged period of time. More specifically, we prefer industrial companies that can benefit from a weaker euro and/or companies in other sectors that are broadly exposed to an improvement, even if modest, in the region's economy, such as telecoms, retail or leisure. We also find a number of European banks to be attractive, particularly those with large retail businesses, based on a relative valuation standpoint and because of their ability to take advantage of historically low funding costs made available by the ECB.

In Asia, we remain more interested in China than Japan. China continues its efforts to rebalance the economy away from fixed-asset investment and toward domestic demand, which should be of benefit to the region in the long term. While the growth in Chinese total system debt to GDP (gross domestic product) is of growing concern to us, we see a recognition and willingness of the administration to address the issue. Reforms that target state owned enterprises are changing performance measurements from growth to profitability and tie management incentives to the share price through stock options. By contrast, Japan's historic quantitative easing efforts have produced seemingly limited material benefits to the economy which continues to contract. In addition, valuations for Chinese appear generally more attractive to us than their Japanese counterparts.

Trading will likely remain choppy as the macro outlook increasingly differs by region, with the US seemingly on the mend but Europe looking weaker. As is often the case, conditions in China are never as bad or as good as some commentators would have one believe. Actions of the various central banks will also impact the behavior of the market. The ECB has targeted selective loosening of monetary conditions. In the US, there is an increased expectation that rates will move higher in 2015. In any event, geopolitical risks will likely prevail in the short term, adding to market uncertainty and volatility. At the same time, this state of affairs may present opportunities from time to time.

As we increase our exposure to China at the point of maximum pessimism, we will likely do the same in Europe, if conditions deteriorate enough to offer us the opportunity to find more stocks priced at a significant discount to intrinsic value.

Investment Philosophy and Process

Bottom-Up Value Approach

- We seek to buy companies at a significant discount to their intrinsic value.
- We seek to understand and limit downside risk.
- We think and act like owners of the business.
- Undervalued stocks comprise the bulk of our portfolios.
- We search for catalysts to unlock value:
 - Corporate restructuring
 - Spin-offs
 - Share buybacks
 - Our own initiatives

Franklin Mutual Series' Unique Value Strategy



INVESTMENT AND MANAGEMENT TEAM (AS OF 12/31/14)

Mutual International Fund Management Team	Years with Firm	Years Experience
Philippe Brugère-Trélat	19	31
Andrew Sleeman, CFA	7	28
Mutual Series Team	Number of Members	Average Years Experience
Portfolio Managers/Analysts	15	21
Research Analysts	5	8
Traders	9	20

WHAT ARE THE RISKS

All investments involve risks, including possible loss of principal. Value securities may not increase in price as anticipated or may decline further in value. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Because the Fund invests its assets primarily in companies in a specific region, it is subject to greater risks of adverse developments in that region and/or the surrounding regions than a fund that is more broadly diversified geographically. Political, social or economic disruptions in the region, even in countries in which the Fund is not invested, may adversely affect the value of securities held by the Fund. The Fund's investments in smaller-company stocks carry an increased risk of price fluctuation, especially over the short term. The Fund's investments in companies engaged in mergers, reorganizations or liquidations also involve special risks as pending deals may not be completed on time or on favorable terms. These and other risk considerations are discussed in the fund's prospectus.

EXPLANATORY NOTES**FUND CHARACTERISTICS**

Number of Issuers: All portfolio holdings are subject to change. Holdings of the same issuer have been combined.

THIRD-PARTY FUND DATA

Morningstar Rating™: Source: Morningstar® 12/31/14. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance after adjusting for sales loads (except for load-waived A shares), redemption fees, and the risk free rate, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. Class A shares of Franklin Mutual International Fund received a traditional Morningstar™ Rating of 3 and 4 star(s) for the 3- and 5-year periods, respectively. Load-waived Class A shares of Franklin Mutual International Fund received Morningstar Ratings™ of 5 and 5 star(s) for the 3- and 5-year periods, respectively. The Morningstar Rating™ may differ among share classes of a mutual fund as a result of different sales loads and/or expense structure. **Past performance does not guarantee future results.** ©2015 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and 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.

PERFORMANCE DATA

The fund offers other share classes subject to different fees and expenses, which will affect their performance.

Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.

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PORTFOLIO DIVERSIFICATION

Top Ten Holdings: 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. The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included. For updated information, call Franklin Templeton Investments at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com.

Geographic/Sector Weightings: Weightings as percent of equity (unless otherwise noted). Percentage may not equal 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics.

Source for Index: FactSet. Indexes are unmanaged and one cannot invest directly in an index.

PORTFOLIO CHARACTERISTICS

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. All portfolio holdings are subject to change.

Source: FactSet. For the portfolio, the 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. For the benchmark, 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.

Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, talk to your financial advisor, call us at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com. Please carefully read a prospectus before you invest or send money.



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INVESTMENTS**

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