



TIF Foreign Equity Series—Primary Class

Product Profile

Fourth Quarter 2014

FUND CHARACTERISTICS (AS OF 12/31/14)

NASDAQ Symbol	TFEQX
Fund Inception Date	10/18/90
Dividends	Semiannually
Investment Style	International
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—All Share Classes	6,233 million
Number of Issuers	110
Maximum Initial Sales Charge	None

THIRD-PARTY FUND DATA

Overall Morningstar Rating™



As of December 31, 2014 the fund's Primary Class shares received a 4 star overall Morningstar Rating™, measuring risk-adjusted returns against 303, 262 and 127 U.S.-domiciled Foreign Large Value funds over the 3-, 5- and 10- 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.

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.

PERFORMANCE DATA

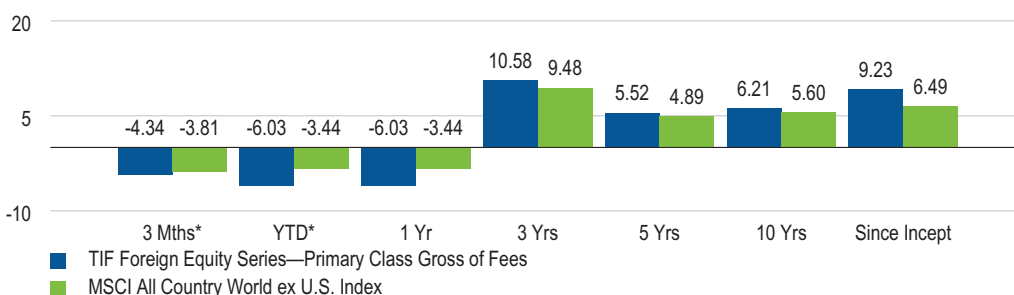
Average Annual Total Returns for Periods Ended December 31, 2014 (%)

	3 Mths*	YTD*	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Incept (10/18/90)
Gross of Fees	-4.34	-6.03	-6.03	10.58	5.52	6.21	9.23
Net of Fees	-4.53	-6.78	-6.78	9.72	4.66	5.36	8.31
MSCI All Country World ex U.S. Index	-3.81	-3.44	-3.44	9.48	4.89	5.60	6.49

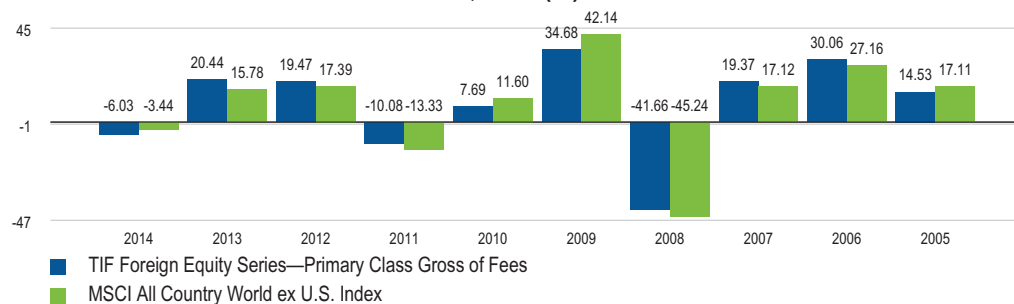
Total Annual Operating Expenses—0.80%

Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment returns and principal values will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin Templeton at (800) 321-8563 or visit franklintempletoninstitutional.com for the most recent month-end performance.

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



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













*Cumulative Total Returns.

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

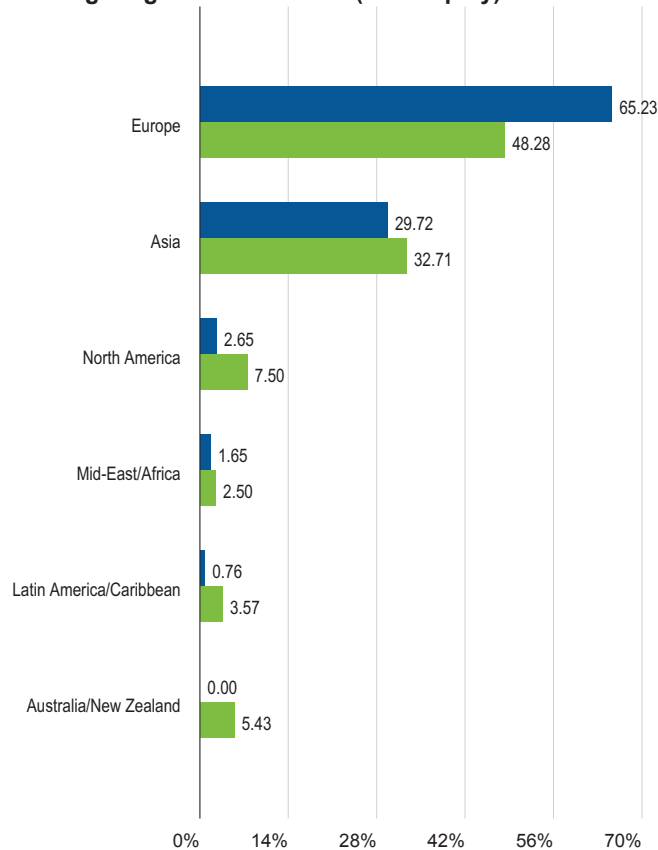
Not FDIC Insured | May Lose Value | No Bank Guarantee

PORTFOLIO DIVERSIFICATION (AS OF 12/31/14)

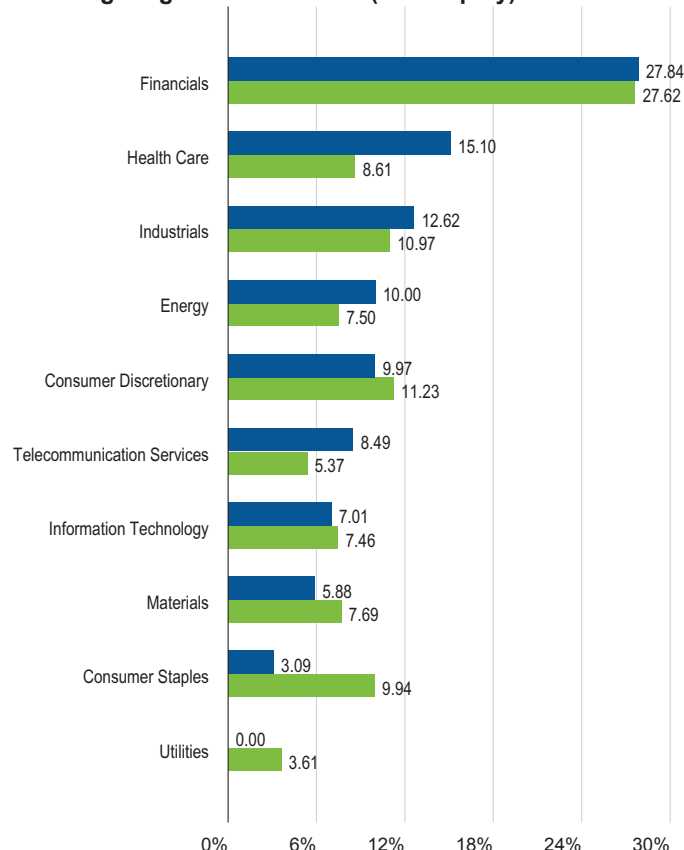
Top Ten Holdings

Issuer Name	Country	Industry	% of Total
1. SAMSUNG ELECTRONICS CO LTD	 South Korea	Technology Hardware & Equipment	2.45
2. ROCHE HOLDING AG	 Switzerland	Pharmaceuticals, Biotechnology & Life Sciences	2.33
3. BAYER AG	 Germany	Pharmaceuticals, Biotechnology & Life Sciences	2.07
4. SANOFI	 France	Pharmaceuticals, Biotechnology & Life Sciences	1.91
5. ING GROEP NV	 Netherlands	Banks	1.83
6. BNP PARIBAS SA	 France	Banks	1.78
7. SWISS RE AG	 Switzerland	Insurance	1.69
8. GLAXOSMITHKLINE PLC	 United Kingdom	Pharmaceuticals, Biotechnology & Life Sciences	1.67
9. TOYOTA MOTOR CORP	 Japan	Automobiles & Components	1.66
10. TEVA PHARMACEUTICAL INDUSTRIES LTD	 Israel	Pharmaceuticals, Biotechnology & Life Sciences	1.64
Total			19.01

Geographic Weightings vs. Benchmark (% of Equity)

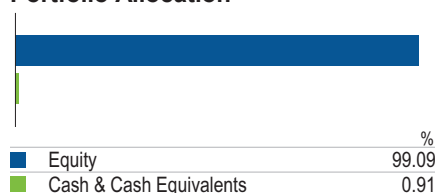


Sector Weightings vs. Benchmark (% of Equity)



■ TIF Foreign Equity Series
■ MSCI All Country World ex U.S. Index

Portfolio Allocation



Largest Sector Contributors vs. MSCI All Country World ex U.S. Index

Sector	Total Effect (%)
Industrials	0.82
Materials	0.36
Information Technology	0.15
Cash & Other Net Assets	0.06
Utilities	0.01

Smallest Sector Contributors vs. MSCI All Country World ex U.S. Index

Sector	Total Effect (%)
Energy	-0.96
Consumer Discretionary	-0.52
Consumer Staples	-0.18
Telecommunication Services	-0.11
Financials	-0.09

Contributor data shown is for the period 10/1/14 to 12/31/14

PORTFOLIO CHARACTERISTICS (AS OF 12/31/14)—Fund vs. MSCI All Country World ex U.S. Index

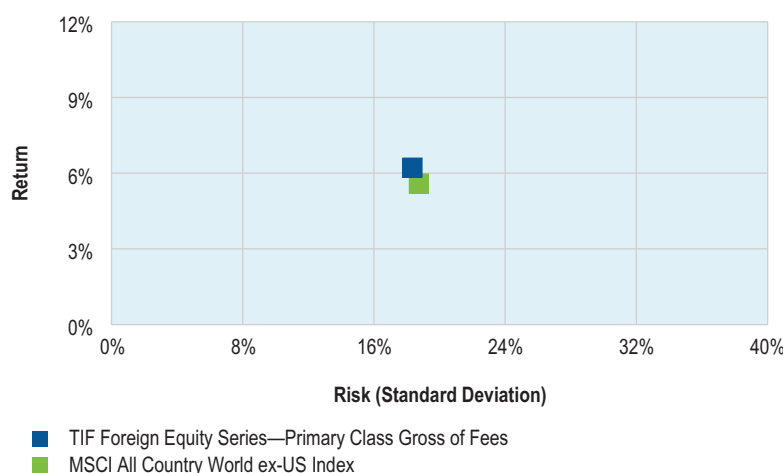
		Fund	Benchmark		
Weighted Average Market Capitalization (Millions USD)		60,255	47,947		
Median Market Capitalization (Millions USD)		24,047	6,733		
Price to Earnings	Fund	Benchmark	Price to Book Value	Fund	Benchmark
Weighted Average	14.84x	15.72x	Weighted Average	1.26x	1.64x
Median	15.76x	16.92x	Median	1.30x	1.77x
Price to Cash Flow	Fund	Benchmark			
Weighted Average	6.54x	8.63x			
Median	8.59x	10.77x			

PERFORMANCE RISK STATISTICS - Primary Class

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

Performance Risk Statistics	3 Years	5 Years	10 Years
Standard Deviation	12.85	16.94	18.32
Alpha	0.58	-0.20	-0.05
Beta	0.96	1.01	0.96
Sharpe Ratio	0.75	0.27	0.21
Information Ratio	0.06	-0.06	-0.06
Tracking Error	3.70	3.68	3.92
R-Squared	91.83	95.30	95.64

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Risk vs. Return
10-Year Period Ended 12/31/14

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 their emerging-market peers. By region, US stocks advanced, while European, Asian and Latin American stocks fell and underperformed global equities. US economic reports released during the three-month period were broadly positive, indicating continued momentum for economic growth. Indicators for the manufacturing and nonmanufacturing sectors moderated somewhat over the period, but the labor market showed ongoing improvement. The US Federal Reserve 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 maintained its accommodative monetary policy at its December meeting. Political instability in Greece, as the government failed 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 economic growth.

PERFORMANCE REVIEW AND CONTRIBUTORS TO PERFORMANCE

Performance Review

In a period when the price of oil plummeted to five-year lows and Europe's economic and political malaise resurfaced, the portfolio's positions in energy and Europe were the most significant detractors from relative returns. Our experience investing in Europe over the past several years has been at times both rewarding and frustrating. Most recently, frustration has prevailed as the delicate progress Europe has made stabilizing the banking system, enacting necessary budget reforms and preparing for further monetary stimulus has yet to meaningfully restore corporate confidence or revive lending activity. At the heart of our investment process is the idea of normalization—the belief that, over a long-term horizon, companies should eventually approach their earnings, asset growth and cash flow potential in a mid-cycle environment. There are several milestones that we view as prerequisites for the normalization of corporate conditions in Europe, which we are therefore monitoring closely. On the economic front, we believe the banking system must avoid further material balance sheet impairment and credit expansion must begin to meaningfully occur. On the political/policy front, we think structural labor market reforms must continue, monetary and fiscal stimulus must accelerate, regional geopolitical turmoil must subside and the European Union must avoid divisive political fallout among member states. While uncertainty persists around these issues (not least of all political cohesion given recent electoral results in Greece), on balance we have continued to find signs of modest progress in European economic and policy spheres. The potential trade impact of an economic slowdown in China and confidence impact of a destabilized Russia are also risks to stability that exist largely outside the control of European policymakers.

Of greatest significance to long-term equity investors, in our view, is the impact that all this uncertainty is having on regional equity valuations. Overall, we consider such valuation levels deeply depressed for a diverse corporate sector comprised disproportionately of high-quality, globally relevant companies.

Turning to sectors, energy stocks accounted for several of the portfolio's most significant detractors during the fourth quarter. Brazilian integrated oil company Petrobras was a significant detractor, declining in value amid a far-reaching corruption scandal and an unfavorable political climate. Looking at the sector more broadly, instead of attempting to time the near-term direction and magnitude of complex global energy markets, we focus on the things we can analyze with a degree of confidence: namely, the long-term fundamental prospects of individual energy companies. Select balance sheets across the sector are healthy, in our view, and we are also encouraged by the material reductions in capital expenditures (capex) underway in an industry that has been consuming vast amounts of low-cost capital with seemingly little to show for it. Against this backdrop of improving capital allocation and relative financial stability, global energy stocks at quarter-end traded at or near record-low multiples on virtually all valuation metrics that have historically mattered to us. The relative price-to-book of the global energy sector, for example, was at a nadir reached only once in the last century. Relative gross cash flow yields at year-end were also approaching levels only seen in the depths of the 1980s oil glut. Following a period of sustained pressure on energy sector fundamentals and, most recently, a major oil price correction, we believe such historically low valuations suggest that capitulation could be on the horizon.

Stock selection in industrials, information technology and materials contributed to relative performance for the quarter. South Korean semiconductor and consumer electronics firm Samsung Electronics was a top contributor, surging the most since 2008 as a leadership transition paved the way for shareholder-friendly restructuring initiatives. The firm announced the disposal of at least eight holdings, including its chemicals and defense businesses, and surprised investors by buying back \$2 billion of its own stock and setting expectations for a dividend hike in 2015. Samsung traded at 15-year-low valuation levels during the fourth quarter and at a significant discount to its assorted peers. Profits from its semiconductor operations have recently exceeded those from its mobile devices unit, and yet the stock has failed to re-rate to the valuation levels enjoyed prior to 2010, when the corporate mix-shift last favored the dominant semiconductor business. We believe scope for improvement also exists in the handset business, with mobile operating margins recently falling to the lowest levels in a decade. With net cash and investments equal to nearly 40% of Samsung's market capitalization, a reinvigorated leadership focused on shareholder value, and significant scope for operational and strategic improvement across business lines, we believe Samsung remains well positioned for the possibility of additional rerating from current modest valuation levels.

Portfolio Positioning

As of the end of the quarter, the portfolio was overweight in health care, energy, telecommunications and industrials, and it was underweight in consumer staples and materials, with a lack of investments in utilities. Regionally, our largest overweight was in Europe, and we maintained a significant underweight in Japan.

Outlook & Strategy

At the core of Templeton's investment philosophy is an acceptance that any given investor has imperfect knowledge of market and economic variables. As Sir John Templeton put it: "An investor who has all the answers doesn't even understand the questions." While we still view near-term macroeconomic scenarios as largely unforecastable with any degree of accuracy or consistency, we do have confidence in our ability to analyze and value the business fundamentals of individual companies over a long-term horizon. However, we believe increasing "financial repression" (there were a significant number of easing moves from global central banks in the last two months of 2014 alone) has largely suspended the process of value recognition in recent years. Throughout this challenging period, we have tried to use the market's distraction to our

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)

advantage by focusing on what we determine to be overlooked value. In doing so, we have continued to build differentiated portfolios that embed long-term assumptions about company-level business fundamentals. Reassuringly, academic studies attesting to the potential benefits of the type of truly active, long-term value investing long practiced by Templeton have begun to emerge in recent years. Overall, we believe performance comes from value recognition, and, in our experience, price and value eventually do intersect over time. Going into 2015, we remain as confident as ever that our equity portfolios contain far more long-term value potential than their prices reflected at year-end.

INVESTMENT PHILOSOPHY AND PROCESS

Templeton utilizes a disciplined, consistent approach based on three timeless principles of investing:

Value

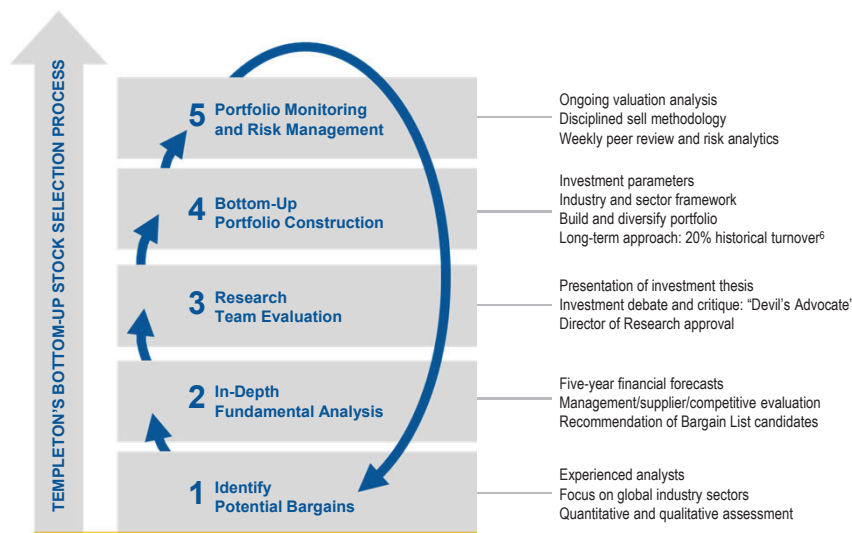
Our flexible approach is applied within a disciplined framework and seeks to identify companies trading at large discounts to their business value.

Patience

Our long-term focus gives us a framework to take advantage of price volatility to reveal potential long-term investment opportunities. Patience allows for potential long-term value recognition.

Bottom-up stock picking

Our portfolio management process seeks to buy pessimism and sell optimism. We build portfolios spanning regions and sectors made up of securities identified through this process.

**INVESTMENT AND MANAGEMENT TEAM (AS OF 12/31/14)****TIF Foreign Equity Series Management Team**

	Years with Firm	Years Experience
Cindy L. Sweeting, CFA	17	31
Antonio T. Docal, CFA	13	35
Peter A. Nori, CFA	27	27

Templeton Global Equity Management Team

	Years with Firm	Years Experience
Norman Boersma, CFA - Chief Investment Officer	23	29
Heather Arnold, CFA - Director of Research	10	31
Cindy L. Sweeting, CFA - Director of Portfolio Management	17	31

Templeton Global Equity Group

	Number of Members	Average Years Experience
Portfolio Managers/Analysts	24	22
Research Analysts	14	9

Additional Resources

Research Technology Group	Junior Research Analysts	Global Trading Platform
Global Research Library	Performance Analysis and Investment Risk Group	Global Portfolio Compliance Group

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.

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. Primary Class shares of TIF Foreign Equity Series received a traditional Morningstar Rating of 3, 3 and 4 star(s) for the 3-, 5- and 10-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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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

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 in the Top Ten Holdings list. For updated information, call Franklin Templeton at (800) 321-8563 or visit franklintempletoninstitutional.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.

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.

Largest/Smallest Sector Contributors: Total effect represents the opportunity cost of investment decisions in a group relative to overall benchmark.

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.

PERFORMANCE RISK STATISTICS

Risk vs. Return: Risk is measured by the annualized standard deviation of monthly total returns. Performance of the fund does not include sales charges (if applicable), but it does include dividends and capital gains reinvested at net asset value.

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

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

ADDITIONAL INFORMATION

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

Securities offered through Franklin Templeton Financial Services Corp.

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, call Franklin Templeton at (800) 321-8563 or visit franklintempletoninstitutional.com. Please carefully read a prospectus before you invest or send money.



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