

SPEECH

May 4, 2011

The Way Forward with Fund Investors

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Chairman's Address

53rd Annual General Membership Meeting

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**Marriott Wardman Park Hotel
Washington, DC**

As prepared for delivery.

Good afternoon, and welcome to the ICI's 53rd Annual General Membership Meeting.

I'm Greg Johnson, President and CEO of Franklin Templeton Investments. For the past eight months, it's been my honor and pleasure to chair the GMM Planning Committee, working with a dedicated and talented group of individuals to organize this meeting.

We'll recognize the committee formally at lunch tomorrow—for now, let me thank them for all their efforts.

We also want to recognize companies from all areas of the investment management industry that are underwriting key events for this year's GMM.

I'd like to thank PricewaterhouseCoopers; State Street; DST Systems; Boston Financial Data Systems; J.P. Morgan; and SunGard. The generous support of these firms helps ICI continue to offer high-quality conference programming.

Once again this year, we've combined the broad industry and policy perspectives of the GMM program with specialized programming from three other conferences—Compliance, Operations & Technology, and the Directors Workshop. It's a unique opportunity to build your own program—while you network with the most diverse audience of fund executives and directors available.

Each year, GMM offers our industry a chance to come together to reflect on the past year and to look ahead to new opportunities. GMM has always been the premier gathering for the fund industry—but we think this year's program is one of the best we've ever offered.

It's all organized around the theme of "The Way Forward with Fund Investors."

And after weathering the financial crisis, it's a good time to be looking forward.

We've come a long way in the past three years. We rallied together as an industry to address the challenges we faced and find ways to continue to serve our shareholders.

Most investors never lost their commitment to funds as their tool for saving and investing for the long term.

Now, we are definitely seeing progress. The financial markets have regained their footing. Our economy is strengthening. And while challenges still exist and the global recovery remains uneven, confidence is rising.

To help us look forward, we'll have an opportunity to hear this week from some of the most important thought leaders in Washington today.

In a short while, we'll hear from Treasury Secretary Timothy Geithner, who will talk about the many challenges our country, our markets, and our industry face. These include managing our national debt, implementing financial reform, and determining which financial institutions are "systemically important."

On Friday, we'll come back to crucial policy questions. Securities and Exchange Commission Chairman Mary Schapiro will address her agency's priorities and direction in our breakfast session. And we'll get an in-depth look at America's spending, tax, and debt challenges with the cochairs of President Obama's bipartisan deficit commission, former Senator Alan Simpson and former White House Chief of Staff Erskine Bowles.

But don't forget that our industry thrives only when we keep our focus on our investors—that's why our theme is: "The Way Forward with Fund Investors."

Franklin Templeton Investments was named for one of America's great founders, Benjamin Franklin, who said "Do well by doing good."

That idea is at the core of the relationship between the fund industry and our shareholders. We do well when we do good things for investors.

Our program this week also focuses on how our industry can best serve investors.

Tomorrow, George Gatch of J.P. Morgan Investment Management Americas will lead a discussion with top industry leaders on the opportunities and challenges for funds and their shareholders.

I'll also have the pleasure of discussing the outlook for wealth management with Sallie Krawcheck, President of Global Wealth and Investment Management for Bank of America.

Another important aspect of this year's GMM program is "a global outlook."

Again, let me speak from my own company's experience. Our 1992 merger with the Templeton organization brought us the wisdom of Sir John Templeton, whose observations from a half century in the markets centered on searching the globe for value.

As Sir John has said, "To avoid having all your eggs in the wrong basket at the wrong time,

every investor should diversify. If you search worldwide, you will find more and better bargains than by studying only one nation.”

Franklin Templeton has been a truly global organization for decades. We opened our first office outside of North America in 1986 in Taiwan. Since that time, we have evolved into a global firm: last year, we sold funds in over 150 countries.

The GMM planning committee captured that global spirit in this year’s program. Tomorrow, John Micklethwait, editor in chief of The Economist, will share his thoughts on the future of globalization and finance. John Rogers of Ariel Investments will moderate as some of our industry’s top strategists examine the global investment landscape. And we’ll gain valuable perspective on retirement policies and the challenge of aging populations around the world from our global pensions panel on Friday.

So as we explore “the way forward” in our meetings, we see the challenges of an economy that’s still recovering from crisis and recession, with significant issues still to be resolved.

We also see the desire of our investors to meet their financial goals. First and foremost, this is a people business. The products that we offer help people retire with dignity...fund college educations...and save for important goals like buying a home. Overall they help contribute to a better quality of life for people all over the world.

We see the strengths of a great industry— rooted in a history of innovation, service, and fiduciary responsibility. Doing the right thing, in the right way, to the benefit of our shareholders.

In closing, let me turn one last time to Sir John Templeton—one of the most visionary people I’ve ever had the honor to know. His outlook on the future was invariably realistic—but also hopeful. As he said:

“When I think of the progress we have made during my lifetime in improving the quality of life—and when I extrapolate that progress into the future—I cannot help being optimistic.”

That’s how we should face the way forward, with our investors.

Thank you.